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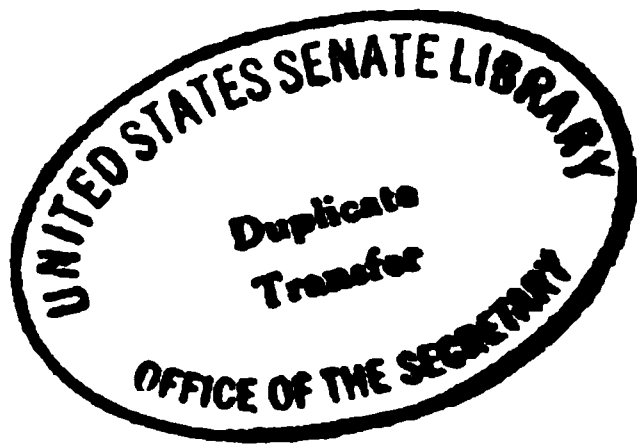
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ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

U.S. Congress. House.

THE COMMITTEE ON RULES.

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,

AND

H. RES. 429

APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 2, 1917

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ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
New York, N. Y., February 2, 1917.

The committee this day met, Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Mr. WHIPPLE. Mr. Chairman and gentlemen, if the committee approve I will call Mr. Packard.

TESTIMONY OF MR. W. FRANK PACKARD.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Packard, state your full name.

Mr. PACKARD. W. Frank Packard.

Mr. WHIPPLE. You are a resident of New York?

Mr. PACKARD. 16 West One hundred and twenty-fifth Street.

Mr. WHIPPLE. What is your occupation?

Mr. PACKARD. Telegrapher.

Mr. WHIPPLE. Where are you employed?

Mr. PACKARD. E. F. Hutton & Co.

Mr. WHIPPLE. How long have you worked for that house?

Mr. PACKARD. Since last July or August.

Mr. WHIPPLE. What are your duties?

Mr. PACKARD. At present I am working the San Francisco-Los Angeles wire.

Mr. WHIPPLE. How long have you been working that wire?

Mr. PACKARD. Since the wire has been installed.

Mr. WHIPPLE. When was that?

Mr. PACKARD. In the last three or four months; I am not sure of the date.

Mr. WHIPPLE. At all events you were working that wire in December of last year?

Mr. PACKARD. Oh, yes.

Mr. WHIPPLE. In what way—as receiver or sender?

Mr. PACKARD. I am the permanent receiver on that wire.

Mr. WHIPPLE. So that you have nothing to do with outgoing messages?

Mr. PACKARD. Absolutely nothing.

Mr. WHIPPLE. Generally speaking, of what do those messages consist?

Mr. PACKARD. The only messages that I recall as having received over the wire are simply office messages and bookkeeping messages.

Mr. WHIPPLE. What do you mean by office messages?

Mr. PACKARD. Well, messages between bookkeepers and checking up different accounts, etc.

Mr. WHIPPLE. Do you not receive orders?

Mr. PACKARD. I do receive orders; yes, sir; principally.

Mr. WHIPPLE. That is what I mean. Your principal work is receiving orders to buy or sell stocks?

Mr. PACKARD. Exactly.

Mr. WHIPPLE. And from what you call your correspondents in San Francisco and Los Angeles.

Mr. PACKARD. And various other points.

Mr. WHIPPLE. How many others are on the line?

Mr. PACKARD. If I am not mistaken, there are about 25 correspondents on our wire.

Mr. WHIPPLE. And they are sending forward their orders and messages all the time?

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. Chiefly, then, you have received by that wire, for illustration, in December, only orders to buy or sell shares of stock and messages from correspondents' bookkeepers for checking up entries?

Mr. PACKARD. And other office business, such as confirming the trades made during the day after the close of business.

Mr. WHIPPLE. Do you remember receiving in December over that wire any news or comments or statements of news or of events affecting the market conditions or likely to affect them?

Mr. PACKARD. I do not.

Mr. WHIPPLE. Would it be fair to say that during December nothing, or practically nothing, of that sort came over the wire?

Mr. PACKARD. I could not say, Mr. Whipple, because from my experience as an operator it is ridiculous for an operator to make a statement saying that he has or has not received any such message as has been referred to.

Mr. WHIPPLE. Now, that was not an answer to my question, sir.

Mr. PACKARD. I beg pardon.

Mr. WHIPPLE. That was not an answer to my question. That was a voluntary remark intended to comment on Mr. Becker's testimony last night, was it not?

Mr. PACKARD. I admit having read Mr. Becker's testimony.

Mr. WHIPPLE. I ask you if that was not a voluntary remark, and not responsive, intended merely to make an unfavorable comment on Mr. Becker's testimony last night? That was the purpose of it, was it not?

Mr. PACKARD. I did not intend it to be.

Mr. WHIPPLE. Well, was it not intended by you to be just such an unfavorable comment?

Mr. PACKARD. Mr. Whipple-----

Mr. WHIPPLE (interposing). No; pardon me. Just answer that, if the committee thinks I am right in asking for a direct answer to that question. Was it so intended?

Mr. PACKARD. I can not say that it was so intended.

Mr. WHIPPLE. You see, however, its applicability?

Mr. PACKARD. It is certainly applicable, yes.

Mr. WHIPPLE. Very well, sir. When did you read Mr. Becker's statement?

Mr. PACKARD. This morning.

Mr. WHIPPLE. Whom have you talked with about it since?

Mr. PACKARD. I have not talked to anyone outside of some people standing in the office.

Mr. WHIPPLE. Whom did you talk with; that is, who were the people standing in the office? Give the names of every one of them, please?

Mr. PACKARD. I think Mr. Maltby was the only one who was standing close, and I asked if he had read Mr. Becker's testimony.

Mr. WHIPPLE. Mr. Maltby. Who is Mr. Maltby?

Mr. PACKARD. Mr. Maltby is the traffic man in our office; he handles and gives business preferences, that is his duty.

Mr. WHIPPLE. And Mr. Maltby and Mr. Hutton himself were present at that time, were they not?

Mr. PACKARD. Not in the office; no, sir.

Mr. WHIPPLE. And Mr. Maltby was present, or at least talked with you with regard to the impossibility of an operator telling what he could and what he could not remember; that is true, is it not?

Mr. PACKARD. That is not quite clear, Mr. Whipple.

Mr. WHIPPLE. I ask you if it is not true that you and Mr. Maltby were discussing the question as to what an operator, such as you have over there, could remember and what he could not remember?

Mr. PACKARD. No, sir; Mr. Maltby, I do not believe, expressed an opinion.

Mr. WHIPPLE. Did you?

Mr. PACKARD. I did not; no, sir.

Mr. WHIPPLE. Well, what was the conversation between you and Mr. Maltby?

Mr. PACKARD. I simply asked Mr. Maltby if he had read Mr. Becker's testimony, as I was standing there reading the paper.

Mr. WHIPPLE. What did he say?

Mr. PACKARD. I believe he said yes.

Mr. WHIPPLE. What else?

Mr. PACKARD. Nothing that I remember.

Mr. WHIPPLE. Do you state that positively?

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. Whom else did you talk with?

Mr. PACKARD. No one.

Mr. WHIPPLE. No one else?

Mr. PACKARD. No.

Mr. WHIPPLE. And still you come here this morning and in response to no question make this voluntary statement reflecting upon Mr. Becker's testimony last evening—that is so, is it not?

Mr. PACKARD. You asked me, Mr. Whipple, in regard to having remembered the messages that came over my wire last December.

Mr. WHIPPLE. Pardon me, that was not my question. I asked you about the general character of messages, and then you made this voluntary remark about a man's not being able to remember a particular message—that is true, is it not?

Mr. PACKARD. That is correct.

Mr. WHIPPLE. You knew when you said it that it was reflecting upon the accuracy of Mr. Becker's testimony last night, did you not?

Mr. PACKARD. I can not say that I did.

Mr. WHIPPLE. And you so intended it, did you not?

Mr. PACKARD. I did not exactly connect my remark with Mr. Becker's testimony.

Mr. WHIPPLE. Well, were you aware that in the Hutton office this morning, Mr. Hutton personally, and this Mr. Maltby that you speak of, talked with Mr. Becker, and stated to Mr. Becker their belief that it was not possible for him have remembered accurately whether he saw this particular telegram or not? Are you aware of that?

Mr. PACKARD. I do not recall that.

Mr. WHIPPLE. No, pardon me. Were you aware of that?

Mr. PACKARD. Not exactly.

Mr. WHIPPLE. Substantially that?

Mr. PACKARD. In a way; yes, sir.

Mr. WHIPPLE. How did you learn that Mr. Hutton himself and this Mr. Maltby were talking this morning with Mr. Becker with regard to the impossibility of Mr. Becker's having remembered whether he received that message or not? How did you learn that?

Mr. PACKARD. I did not hear Mr. Maltby talking to Mr. Becker.

Mr. WHIPPLE. I did not ask that. I asked you how you learned what you admit you knew, namely, that Mr. Maltby and Mr. Hutton were talking to Mr. Becker this morning at the office on that subject?

Mr. PACKARD. Mr. Hutton was talking with Mr. Becker, but I did not see Mr. Maltby talking with Mr. Becker.

Mr. WHIPPLE. Did you hear what Mr. Hutton was saying to Mr. Becker?

Mr. PACKARD. Something in regard to his testimony, his having said that he had not received the telegram.

Mr. WHIPPLE. And you heard Mr. Hutton impressing upon Mr. Becker that Mr. Becker could not have remembered whether he received it or not, did you not?

Mr. PACKARD. I believe it was to that effect.

Mr. WHIPPLE. And then you came right over here and after having heard that, at the first opportunity you got, you made the voluntary statement that in all those messages that were being received no one could remember whether he received a particular one or not; that is it, is it not?

Mr. PACKARD. That is my experience.

Mr. WHIPPLE. Testifying or putting in this voluntary remark exactly what you heard Mr. Hutton in his office saying to Mr. Becker this morning; that is it, is it not?

Mr. PACKARD. It amounts to practically the same thing.

Mr. WHIPPLE. In other words, you came before this committee, after having listened in the Hutton office to Mr. Hutton's statement to Mr. Becker with regard to his statement last night, and reflected in your voluntary remark that precise sentiment; that is so, is it not?

Mr. PACKARD. It appears that way?

Mr. WHIPPLE. Well, it is that way? It not only appears that way, but it is that way?

Mr. PACKARD. It is.

Mr. WHIPPLE. Which means that you came here this morning before this committee, under oath, and the first suggestion you made was to reflect the sentiment that you had heard your employer state to Becker this morning?

Mr. PACKARD. Well, Mr. Whipple—

Mr. WHIPPLE (interposing). Pardon me. That is so, is it not? It may be in accordance with the truth, but let us settle first that it is merely a reflection of what you heard your employer say to his employee this morning?

Mr. PACKARD. It is.

Mr. WHIPPLE. Within a few minutes of the time you came here—that is it?

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. Now, we will go into the accuracy of it later. I will now ask you the question that I put and ask for a direct answer: Do you remember during the month of December any messages coming over the wire of the general character which I indicated?

Mr. PACKARD. I do not.

Mr. WHIPPLE. Do you remember whether any did come or not or whether the business that came over that wire was confined to orders for buying and selling stock, and bookkeeping entries?

Mr. PACKARD. That is all I recall, sir.

Mr. WHIPPLE. And you recall, in substance, that there were no other messages?

Mr. PACKARD. I do not recall any such messages of that character.

Mr. WHIPPLE. Your memory is pretty good, is it not?

Mr. PACKARD. Very good.

Mr. WHIPPLE. You recall the general character of the messages that went over your wire?

Mr. PACKARD. Because—

Mr. WHIPPLE (interposing). Pardon me. That is true, so far as you recall. Is that correct?

Mr. PACKARD. I do not recall each identical message.

Mr. WHIPPLE. Certainly not; but you recall their general character?

Mr. PACKARD. Exactly, because I get them every day and they are all identical in character.

Mr. WHIPPLE. And you do not get over that wire every day a lot of messages having to do with events that are happening which might affect the market?

Mr. PACKARD. I do not recall any such message.

Mr. WHIPPLE. You do not recall any, certainly, but you do recall that you received the other kind?

Mr. PACKARD. I do.

Mr. WHIPPLE. Now, I will ask you to look at this message, Exhibit H-1, and read it. That is from Mr. Clement in Chicago to Mr. Barrett, of your own firm. Now, when messages are received on your wire are they transcribed in typewriting usually on a slip like that [indicating]?

Mr. PACKARD. Whenever I get anything aside from orders that have to be exactly written I do not trust the typewriter; I write them in pencil, but anything I receive that is of a personal character or is a message, I usually write it on the typewriter.

Mr. WHIPPLE. Did you receive some such messages in December?

Mr. PACKARD. I do not recall any such messages.

Mr. WHIPPLE. Well, then, you do not recall that you used the typewriter to write out messages in December?

Mr. PACKARD. I could not recall a single message.

Mr. WHIPPLE. I did not ask whether you recalled any; I asked you whether you recalled the fact of receiving such.

Mr. PACKARD. I do not.

Mr. WHIPPLE. Well, you do not recall, then, using the typewriter in December to transcribe any such message as that?

Mr. PACKARD. I do not.

Mr. WHIPPLE. I mean a message of that general character and having to do with or inquiring about events transpiring which might affect the market?

Mr. PACKARD. I do not; I do not recall.

Mr. WHIPPLE. Did you ever see that telegram?

Mr. PACKARD. I never saw it that I recall.

Mr. WHIPPLE. Will you look at Exhibit H-2 and read it. Did you see any such message as that at any time in December?

Mr. PACKARD. I do not recall having seen it.

Mr. WHIPPLE. What?

Mr. PACKARD. I do not recall having seen it.

Mr. WHIPPLE. You naturally would not, in the ordinary course, would you?

Mr. PACKARD. I naturally would not. This bears the signal of the sending operator.

Mr. WHIPPLE. I beg your pardon?

Mr. PACKARD. This bears the signal of the sending operator.

Mr. WHIPPLE. That is just what I was going to ask you. Is there something there indicating who sent that out?

Mr. PACKARD. The signal C.

Mr. WHIPPLE. What does that mean?

Mr. PACKARD. That is a personal sign of the sender, Mr. Conkling.

Mr. WHIPPLE. What wire does Mr. Conkling operate?

Mr. PACKARD. The same wire that I operate.

Mr. WHIPPLE. That is, he is a sender of the message and you are the receiver?

Mr. PACKARD. Exactly.

Mr. WHIPPLE. That would indicate that this particular telegram was sent from the West?

Mr. PACKARD. It was sent over our wire from our correspondents.

Mr. WHIPPLE. Now, does that C indicate that it was not flashed over the southern wire?

Mr. PACKARD. It is a rule among operators to put their personal signs on telegrams when sending them, and the absence of another mark on there, unless there has been another copy, would indicate that that has only been sent over the western wire.

Mr. WHIPPLE. Now, when you go back will you ask to have a search made and see what appears in your office in regard to a copy sent over other wires? That is, the C would indicate, together with the failure of any other signal to appear, that it was sent only over the wire——

Mr. PACKARD (interposing). By the one operator whose sign is on the message.

Mr. WHIPPLE. Now, if Mr. Hutton is here I would like to get a copy indicating that they were sent over the other wires. You keep all those copies?

Mr. PACKARD. I presume so.

Mr. WHIPPLE. Now, is there any symbol that indicates who received a particular message?

Mr. PACKARD. Nothing on that one; no, sir.

Mr. WHIPPLE. Well, do they not usually put them on?

Mr. PACKARD. Some do and some do not. I notice that the majority of operators in our office do make personal signs on them when sending them.

Mr. WHIPPLE. How about receiving them?

Mr. PACKARD. No; there is no personal sign put on received messages.

Mr. WHIPPLE. Now, I will ask you to look at Exhibit H-3. Did you ever see that before?

Mr. PACKARD. I have not.

Mr. WHIPPLE. Or had anything to do with it?

Mr. PACKARD. I have never seen it, to the best of my recollection.

Mr. WHIPPLE. Who sent it? Is there a symbol there?

Mr. PACKARD. Yes, there is a letter S, which I believe is the personal sign for Mr. Shea, who is also an operator in the office.

Mr. WHIPPLE. Where is it? We had not noticed that before, gentlemen, although we have looked these over some. It is the letter S. To what duty is Mr. Shea assigned?

Mr. PACKARD. He is a telegrapher.

Mr. WHIPPLE. Yes, I know, most all of you are.

Mr. PACKARD. He works the Chicago wire.

Mr. WHIPPLE. He is the sender?

Mr. PACKARD. He is used in various capacities, or at least he works all wires. He is a relief operator.

Mr. WHIPPLE. What?

Mr. PACKARD. He is most likely to work any wire as a relief operator.

Mr. WHIPPLE. He is a relief operator?

Mr. PACKARD. He has a permanent wire, but at times he relieves other operators around the office.

Mr. WHIPPLE. That is, Mr. Shea?

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. Have you seen him this morning?

Mr. PACKARD. I spoke to him this morning.

Mr. WHIPPLE. Did you have any talk with him about this matter?

Mr. PACKARD. I did not.

Mr. WHIPPLE. Have you heard him talking with anybody about it?

Mr. PACKARD. No.

Mr. WHIPPLE. Was he present when you heard what Mr. Hutton was saying to Mr. Becker?

Mr. PACKARD. I believe he was on the Chicago wire at the time.

Mr. WHIPPLE. And within sound of Mr. Hutton's instructions or conversation with Mr. Becker?

Mr. PACKARD. Mr. Hutton in talking to Mr. Becker, I believe, was right behind Mr. Shea.

Mr. WHIPPLE. So that he could hear what Mr. Hutton said to Mr. Becker?

Mr. PACKARD. Most probably.

The CHAIRMAN. You will notice the S on both sides of the telegram, too, Mr. Whipple.

Mr. WHIPPLE. Yes; that should appear in the record. Now, when one of these telegrams to be sent out is to go over more than one line and there is only one text given, does it ever happen that one message goes first to one operator and then another and then another?

Mr. PACKARD. It often happens that way.

Mr. WHIPPLE. And then are they supposed in the orderly course to put on the symbol or initial, one after the other?

Mr. PACKARD. I do not believe it is the rule for operators to do that, but to avoid confusion and to be sure that all operators are furnished with the same copy, it is usually done.

Mr. WHIPPLE. It is usually done?

Mr. PACKARD. Usually done.

Mr. WHIPPLE. That is, you might, then, find four operator's signals or symbols on one telegram?

Mr. PACKARD. Exactly.

Mr. WHIPPLE. Do you find more than the S on this one, Exhibit H-3?

Mr. PACKARD. No, there is only one signal.

Mr. WHIPPLE. Now, I will ask you to look at this telegram, Exhibit H-4. Do you know in whose handwriting that is?

Mr. PACKARD. I could not say, as I am unfamiliar with both Mr. Hutton's and Mr. Ellis's writing. That is, it is very seldom that I get hold of any of their messages in sending them.

Mr. WHIPPLE. So that you can not say in whose hand-writing that is?

Mr. PACKARD. I can not.

Mr. WHIPPLE. Did you ever see that paper before?

Mr. PACKARD. It is a form that we use in our office.

Mr. WHIPPLE. Did you ever see the message before?

Mr. PACKARD. To the best of my knowledge, I have never seen it.

Mr. WHIPPLE. Or any one like it?

Mr. PACKARD. I do not recall, of that kind.

Mr. WHIPPLE. I mean in your office.

Mr. PACKARD. No, sir.

Mr. WHIPPLE. Then you did not at any time, so far as you recall, receive any such message over the Chicago wire?

Mr. PACKARD. I did not.

Mr. WHIPPLE. I want to read it to you so as to not only give you the opportunity to visualize it, as you have, but hear it read, which will give you a chance perhaps to appreciate its importance, if it has importance. It reads:

We are confidentially informed that a highly important message to all belligerents has been issued from Washington. Interpreted not as pressure on belligerents in behalf of peace but as an opportunity to put American demands on record to be considered if there is peace and warning that neutral rights must not be further encroached upon. Full text to be given out to-night and will be looked on as move of great moment.

You understand that now?

Mr. PACKARD. I understand the message.

Mr. WHIPPLE. And you understand that that refers to a communication of world-wide interest by the President of the United States to all the nations of the world, affecting the European war, its effect upon America, upon neutral rights, do you not?

Mr. PACKARD. I understand the importance of the message.

Mr. WHIPPLE. Yes; and seeing it or hearing it read you appreciate the importance of that as an announcement, not only of national importance but of world-wide importance, do you not?

Mr. PACKARD. I do.

Mr. WHIPPLE. And you notice the language in which it is couched, do you not?

Mr. PACKARD. It is in very clear and unmistakable language.

Mr. WHIPPLE. Very clear and unmistakable language. In the language of an educated, well-drilled, and capable mind, is it not?

Mr. PACKARD. So it seems.

Mr. WHIPPLE. A statement which at that time or at any time would be an impressive and memorable statement?

Mr. PACKARD. Exactly.

Mr. WHIPPLE. You did not see it in your office?

Mr. PACKARD. I did not.

Mr. WHIPPLE. You did not send it out, as far as you can remember, and did not receive it, as far as you can remember?

Mr. PACKARD. That is right.

Mr. WHIPPLE. Who sent it? Can you tell by the symbol?

Mr. PACKARD. It bears the signal as having been sent by Mr. Conkling, the sender on the western wire——

Mr. WHIPPLE (interposing). A little louder. Did you get that?

The CHAIRMAN. No, I did not hear it.

Mr. PACKARD. It bears the signal of Mr. Conkling, who sends on the San Francisco wire, and also the personal signal——

The CHAIRMAN (interposing). You mean the telegraph operator that sends it—Conkling?

Mr. PACKARD. The telegrapher.

The CHAIRMAN. Conkling is his name?

Mr. PACKARD. Yes, sir.

The CHAIRMAN. He sends on which wire?

Mr. PACKARD. The western wire, San Francisco and Los Angeles. And also the personal sign of Mr. Hummel, the operator on the south line.

Mr. WHIPPLE. The south line?

Mr. PACKARD. Yes, sir.

The CHAIRMAN. Both signals are on there?

Mr. PACKARD. Yes, sir.

The CHAIRMAN. Both signals are on the message?

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. Point them out.

Mr. PACKARD. C for Mr. Conkling and Hu for Mr. Hummel.

Mr. WHIPPLE. C and Hu. Then, so far as the symbols show, that message, from that text at least, was sent out from your office over the western wire to San Francisco?

Mr. PACKARD. And all correspondents.

Mr. WHIPPLE. And all correspondents?

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. Out there?

Mr. PACKARD. On that wire.

Mr. WHIPPLE. Did that include Chicago?

Mr. PACKARD. Chicago has a loop on that wire and probably received it, although he has no permanent receiver on that wire.

Mr. WHIPPLE. I understood there was a trunk line or a large line to the west and also a separate line to Chicago.

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. Does that appear to be sent on the separate line to Chicago? Who was the operator there; the sending operator?

Mr. PACKARD. This is addressed to Rod. I take it that it is for Mr. McKinnon, although I see no signal here as having been sent over our straight Chicago wire.

Mr. WHIPPLE. Is there anything there indicating that it was sent on your Washington wire?

Mr. PACKARD. No; there is not.

The CHAIRMAN. Ask him what that straight line means on the face of it, right up to the right-hand corner.

Mr. WHIPPLE. I think possibly that goes down to the caret.

The CHAIRMAN. Oh, yes; I see.

Mr. WHIPPLE. I will ask him: Does this straight line that Chairman Henry referred to go down to the caret, so as to show that the words and "neutrals" is inserted there?

Mr. PACKARD. Yes, sir.

Mr. WHIPPLE. I think that is it.

The CHAIRMAN. Yes. I did not know exactly what it meant.

Mr. WHIPPLE. How many of the gentlemen who have been asked to come over here, telegraphers in the employ of Mr. Hutton, were within earshot of Mr. Hutton's conversation this morning with Mr. Becker, who testified last night, besides yourself and the others you have mentioned?

Mr. PACKARD. I believe the full complement of telegraphers.

Mr. WHIPPLE. They were all within earshot?

Mr. PACKARD. I believe so.

Mr. WHIPPLE. And therefore Mr. Hutton's statement to his employee, Mr. Becker, this morning as to his belief in the impossibility of Mr. Becker's remembering the fact, with regard to whether this telegram could have been remembered or not, was heard by all his telegraphic employees who are coming over here to testify?

Mr. PACKARD. I presume so.

Mr. WHIPPLE. Did you hear any of the employees say that if they got a chance, whether the question was asked or not, they were going to volunteer a statement which would reflect upon the accuracy of Mr. Becker's statement? Did you hear anyone say that?

Mr. PACKARD. I heard no such remark; no, sir.

Mr. WHIPPLE. That is, none of the employees who are coming here to testify committed themselves in advance to any such proposal before this committee?

Mr. PACKARD. Not to me; no, sir.

Mr. WHIPPLE. That is all.

Mr. CAMPBELL. What is your name?

Mr. PACKARD. Packard.

Mr. CAMPBELL. Mr. Packard?

Mr. PACKARD. Yes, sir.

Mr. CAMPBELL. What was Mr. Hutton's manner of speech in talking with Mr. Becker this morning about this telegram?

Mr. PACKARD. I was not very close to Mr. Hutton, but it seemed to be nothing except in a normal tone. I do not even recall the words that Mr. Hutton used to Mr. Becker.

Mr. CAMPBELL. Did Mr. Becker show some disposition to defend his position?

Mr. PACKARD. Why, I did not hear Mr. Becker's reply at that time. Mr. Maltby told me that Mr. Dick was coming over here, and I should accompany him, and I left the office at that time.

Mr. CAMPBELL. Was Mr. Becker on his key?

Mr. PACKARD. At that time Mr. Becker was standing up near his wire.

Mr. CAMPBELL. He had not taken his place at the key yet this morning?

Mr. PACKARD. He probably had, but he was standing by his table next to his wire.

Mr. CAMPBELL. He stood up to engage in conversation with Mr. Hutton?

Mr. PACKARD. I think that is it; yes, sir.

Mr. CAMPBELL. They were having rather an animated conversation, were they not?

Mr. PACKARD. I heard a very short part of it, and, as I say, I left the room just at that time.

Mr. CAMPBELL. You understood my question. What you heard was rather animated, was it not?

Mr. PACKARD. Well, it seemed to be in a natural way. Mr. Hutton was talking in a normal tone of voice.

Mr. CAMPBELL. Mr. Hutton's attitude was that of criticism, was it not?

Mr. PACKARD. It seemed to be.

Mr. CAMPBELL. Of Mr. Becker's testimony here on yesterday, was it not?

Mr. PACKARD. That is the way I take it.

Mr. CAMPBELL. He told him it was impossible for him to have remembered?

Mr. PACKARD. That is the conversation from Mr. Hutton, as I remember it, although I do not remember the exact words.

Mr. CAMPBELL. What did Mr. Becker say in reply?

Mr. PACKARD. I did not hear it.

Mr. CAMPBELL. He stood the criticism in silence, did he?

Mr. PACKARD. So far as I know. I left the room just at that time.

Mr. CAMPBELL. This telegram in question is looked upon as a matter of very great importance over in the Hutton office, is it not?

Mr. PACKARD. I have not heard it discussed.

Mr. CAMPBELL. Have you not heard anybody talking about it in the last two or three days?

Mr. PACKARD. I have not heard a word, except I have seen the employees of the office reading the papers. I have not heard comments.

Mr. CAMPBELL. I believe that is all.

The CHAIRMAN. Just one minute. I want to get it in my mind about where this conversation occurred between Mr. Becker and Mr. Hutton. In what room was it, did you say?

Mr. PACKARD. In the wire room.

The CHAIRMAN. And all the force were there?

Mr. PACKARD. I believe so.

The CHAIRMAN. The telegraph force?

Mr. PACKARD. I believe so.

The CHAIRMAN. How did Mr. Hutton happen to come in at that time?

Mr. PACKARD. I do not recall Mr. Hutton's coming in, and I do not recall having seen him until he was engaged in conversation with Mr. Becker.

The CHAIRMAN. Was his conversation in such a tone as to indicate to all operators he wanted them to give heed to what he was saying?

Mr. PACKARD. No, sir.

The CHAIRMAN. It was not?

Mr. PACKARD. His tone was moderate and quiet.

The CHAIRMAN. I understand it was moderate and quiet, but they could all hear it?

Mr. PACKARD. Oh, yes. The room is not very large, and all can hear an ordinary conversation.

The CHAIRMAN. There was no disturbance in there?

Mr. PACKARD. There was no disturbance in there.

The CHAIRMAN. And the idea was for all of the operators to hear it, was it not?

Mr. PACKARD. I do not know Mr. Hutton's ideas, but I presume every one heard Mr. Hutton's conversation.

The CHAIRMAN. But they all did give attention?

Mr. PACKARD. I do not remember that.

The CHAIRMAN. Just one other thing. I do not know whether I caught your answer or not. Did you say you would have remembered a telegram like the one sent by Mr. Ellis if it had passed over your wire? Would you recall a message as important as that?

Mr. PACKARD. Why, I can not say that I would exactly remember it.

The CHAIRMAN. Are you a college graduate?

Mr. PACKARD. No, sir.

The CHAIRMAN. Where were you educated?

Mr. PACKARD. In Dayton, Ohio.

The CHAIRMAN. What was the extent of your education? Did you go through the high school?

Mr. PACKARD. Partially.

The CHAIRMAN. How long have you been an operator?

Mr. PACKARD. Fourteen years.

The CHAIRMAN. I believe that is all. You may stand aside for the present.

TESTIMONY OF FRANK M. DICK.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name?

Mr. DICK. Frank M. Dick.

Mr. WHIPPLE. Your residence?

Mr. DICK. Vanderbilt Hotel.

Mr. WHIPPLE. Your occupation?

Mr. DICK. Employee of E. M. Hutton & Co.

Mr. WHIPPLE. You are not a member of the firm?

Mr. DICK. No, sir.

Mr. WHIPPLE. What is your employment with Hutton & Co.?

Mr. DICK. In charge of the customers' office. I answer questions which come over the wires. I do statistical work.

Mr. WHIPPLE. How long have you been with the firm?

Mr. DICK. Two years.

Mr. WHIPPLE. Is what you have stated a fair description of what you have done all the time that you have been there?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Now, having charge of the customers' room, will you describe that to the committee—the customers' room, and what you mean by having charge of it?

Mr. DICK. Well, I will give you an example. Yesterday one of the correspondents from Butte comes in to New York, and he asked me my opinion as to what I think will happen in the market as to values. He asked me to give him any information that comes over the ticker. Another man will come in and discuss—the day before a man came in and he asked me my opinion as to certain railroad securities.

Mr. WHIPPLE. So your employment requires you to be fully advised of all the latest news on which you can found an opinion?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. To enable you to advise customers?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Keeping yourself right up to date?

Mr. DICK. As far as I can.

Mr. WHIPPLE. Learning everything that is going on?

Mr. DICK. As far as I can.

Mr. WHIPPLE. Following the ticker, and as immediately as possible being ready to give your opinion?

Mr. DICK. No; I would not say that.

Mr. WHIPPLE. Correct me, then.

Mr. DICK. Because my work is more in the nature of statistical work. I base my opinion on facts, and I do not pretend to give any advice as to whether the market is going up or down.

Mr. WHIPPLE. What sort of facts?

Mr. DICK. Values—railroad values, which I have gained by study.

Mr. WHIPPLE. Then, your engagement does not necessarily involve your following the ticker for news of daily events?

Mr. DICK. I follow the ticker as far as I can to keep the different wires informed of what is going on.

Mr. WHIPPLE. I see.

Mr. DICK. But I do not pass my opinion as to the values on those.

Mr. WHIPPLE. Do you send out messages?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Therefore you keep track of the events as they happen from minute to minute?

Mr. DICK. As closely as I can.

Mr. WHIPPLE. In order to advise all of your correspondents of the information which will enable them to make up their minds?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Therefore, really your work is more collating and collecting and sending out news of events that are transpiring, which may be the basis of your correspondents forming their opinion, or perhaps not the most of your work, but that is an important part of it?

Mr. DICK. Yes, sir; that is a part of it.

Mr. WHIPPLE. Then the collection and collation of statistics, in order to form a more fundamental basis of opinion as to values than mere business news; is that correct?

Mr. DICK. Yes.

Mr. WHIPPLE. And the two things rather form your work?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Which is the larger part of it, the collation of those facts and figures, which are the fundamental basis of value, or the collection and collation of events transpiring by the minute, which affect temporarily the values?

Mr. DICK. I should say the facts collated on which values are based.

Mr. WHIPPLE. Is there any one in the firm who does any more of the other class of work? That is, keeping track of the events that are reported from minute to minute, and communicating them to your correspondents?

Mr. DICK. I could not say.

Mr. WHIPPLE. You do not know of any one who does any more of it than you?

Mr. DICK. Well, I would not know, because I keep a good deal to myself.

Mr. WHIPPLE. You would know if someone else was duplicating your work, would you not?

Mr. DICK. I might and I might not.

Mr. WHIPPLE. You mean that the system there lacks such organization as to make it impossible that two men should be working at the same thing, duplicating each other's work?

Mr. DICK. No. I do not mean to say that, but I mean to say that I pay very little attention to what is going on outside of my own work.

Mr. WHIPPLE. But on the other hand, if anyone else were encroaching on your work, you would be likely to know it?

Mr. DICK. I might be.

Mr. WHIPPLE. Or duplicating it?

Mr. DICK. I might be.

Mr. WHIPPLE. Therefore, then the branch of your work that I have spoken of involves your following the ticker in order to answer questions which come into the office. You do follow the ticker during the day?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. In order to get its announcements of events?

Mr. DICK. Yes.

Mr. WHIPPLE. And statements not only of those things that are happening but that may happen?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Do you send out flashes, so called?

Mr. DICK. No; I have never put "flashes" on anything.

Mr. WHIPPLE. You never do that?

Mr. DICK. No.

Mr. WHIPPLE. Do you send out, or are you the author of any general statements that go out?

Mr. DICK. Anything that I see that I think will be of general interest I send out.

Mr. WHIPPLE. What is the difference between a flash and such a thing as you send out? What is the definition of a "flash"?

Mr. DICK. I hardly know. It is a sort of a technical term. I would say that a flash is a thing that is intended to go out in a hurry.

Mr. WHIPPLE. There is not any distinction in the subject matter?

Mr. DICK. I would not think so.

Mr. WHIPPLE. In other words, a flash is a little thing that is sent out in a hurry?

Mr. DICK. I would say so.

Mr. WHIPPLE. And the things you send out to all of them are sent out a little more deliberately and with a little more thought?

Mr. DICK. A little more deliberately.

Mr. WHIPPLE. A little more deliberately and possibly thought out a little better. Will you look at this piece of paper, which has been marked Exhibit H-2, and tell the committee in what respect that is to be distinguished from any of the communications that you send out?

Mr. DICK. Well, I do not think I ever put the word "flash" at the top.

Mr. WHIPPLE. Otherwise than that——

Mr. DICK (interposing). Otherwise I would say it would be about the same thing I would send out.

Mr. WHIPPLE. That is of the same——

Mr. DICK (interposing). Character.

Mr. WHIPPLE (continuing). General character as the messages that you send out?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Why do they send flashes in a hurry? For instance, what is there about that that requires it to be sent in a hurry?

Mr. DICK. I would not think there was anything about it myself. If I were sending it I would not put "flash" on it.

Mr. WHIPPLE. In other words, there is not anything more important in that to go quickly to your correspondents than in any of the communications that you send out—any or most of them?

Mr. DICK. I would not think so. Perhaps you might place some importance to the "peace prospects."

Mr. WHIPPLE. Yes; but so far as the general character is concerned it might be one of the things that you send out.

Mr. DICK. Yes, sir; it might be.

Mr. WHIPPLE. And any distinction between what you send out and a flash, so called, is all in the name "flash"?

Mr. DICK. That is the way I would read it.

Mr. WHIPPLE. It is rather a flashy appellation than anything else. Now, may I ask you to look over this telegram, Exhibit H-1—which you see is a message from Clement in Chicago to Barrett, and is marked "confidential."

Mr. DICK. Yes.

Mr. WHIPPLE. Now, did you see that?

Mr. DICK. The first time I ever saw it was in the newspaper when this investigation was going on.

Mr. WHIPPLE. Is not that a thing which would ordinarily come to your attention?

Mr. DICK. No.

Mr. WHIPPLE. Let me ask you, just at this time the whole market was on the *qui vive*, so to speak, as to what action our President would be taking with regard to peace, was it not?

Mr. DICK. Why, there had been so many rumors so many times, and there was so much going on in the market, that if you are ask-

ing my personal opinion, that would not have made any great impression on me.

Mr. WHIPPLE. I am not asking that, but I am asking if at that time all the market was not in a state of expectancy of it?

Mr. DICK. I could not say that it was, especially.

Mr. WHIPPLE. "Especially?"

Mr. DICK. Not as I was impressed.

Mr. WHIPPLE. Apparently they were thinking. Would not you on December 20 have regarded any statement as to what the President of the United States was going to do with regard to peace as a very important question affecting the market?

Mr. DICK. Only fairly important.

Mr. WHIPPLE. Only fairly important?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. It would be of some importance?

Mr. DICK. Some.

Mr. WHIPPLE. Then you do not regard the question as to whether peace was brought about or not as a thing that was likely to affect the market so much?

Mr. DICK. Talking about peace and bringing about peace are two very different things.

Mr. WHIPPLE. You would understand that what the President of the United States said on the subject was not ordinary gossip or rumor, that it might have at least some effect upon the world?

Mr. DICK. Yes.

Mr. WHIPPLE. You were not dealing with a question as to whether a pronouncement by the President of the United States on that subject was a light matter and of no consequence?

Mr. DICK. I would not say it was a light matter or of no consequence.

Mr. WHIPPLE. That is what I am talking about; what I am directing your attention to?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. Now, then, was it not a matter of considerable importance just at that time what the public pronouncement to the nations of the world by the President of the United States might be?

Mr. DICK. Do you mean what I thought? I can not speak for the rest of the world. Do you want what I thought?

Mr. WHIPPLE. Well, what you thought?

Mr. DICK. It would not have impressed me so very much, because we have had so many rumors and become so accustomed to them on the street for the last two years; people have become accustomed to them.

Mr. WHIPPLE. I was not talking about rumors, but talking about confidential information from Washington regarding a highly important message that the President was to send out. That would be important, would it not?

Mr. DICK. I suppose it would be.

Mr. WHIPPLE. I mean, to your mind.

Mr. DICK. Not very much.

Mr. WHIPPLE. Then you do not share the opinion of some others that such a pronouncement was likely to be important?

Mr. DICK. Only reasonably so.

Mr. WHIPPLE. What do you mean by reasonably so?

Mr. DICK. Well, I mean that people's minds have become accustomed to such big things for so long a time that they are not affected the way they used to be under normal times. Previously that would have had a great deal of effect, but there are so many stories or events happening that people become more or less accustomed to them.

Mr. WHIPPLE. But when the President's communication to the belligerents and to the neutrals was published it did have an effect on the market, did it not?

Mr. DICK. Not such a great effect.

Mr. WHIPPLE. We had thought before that it had.

Mr. DICK. Well, the greatest effect I saw in the market was from Mr. Lansing's statement stating that we might be on the verge of war.

Mr. WHIPPLE. But you do not think the President's pronouncement, when it came out on the morning of December 21, really had very much of an effect?

Mr. DICK. Well, I think the market was in such a position that it was bound to go down anyway.

Mr. WHIPPLE. But you do not think it had much effect?

Mr. DICK. Well, some effect.

Mr. WHIPPLE. But comparatively slight?

Mr. DICK. More or less coincidentally you mean?

Mr. WHIPPLE. More or less and slightly contributing to a recession in the market, but you say that was due anyway, because it had been overbought and because the public generally was in it too much.

Mr. DICK. It looks so.

Mr. WHIPPLE. And something had to be taken up?

Mr. DICK. I would not say that.

Mr. WHIPPLE. Well, let me hasten on. Did you ever see Exhibit H-2? Was that called to your attention at about the time it was sent?

Mr. DICK. No; I think not; I do not think I have seen it.

Mr. WHIPPLE. Take Exhibit H-3, from Hutton to Clement.

Mr. DICK. I never have seen it.

Mr. WHIPPLE. Did you hear anything about any such thing in the office on the 20th?

Mr. DICK. I never heard of it until I saw it in the newspapers three days ago.

Mr. WHIPPLE. And never heard anyone in the office speak of it?

Mr. DICK. Never.

Mr. WHIPPLE. The partners or anyone else?

Mr. DICK. No.

Mr. WHIPPLE. Now, take Exhibit H-4. Will you read that through carefully and see if you ever saw that before in the office, or anything like it, or heard it commented on, on the 20th?

Mr. DICK. When I read that in the newspapers a few days ago is the first time I ever heard of it.

Mr. WHIPPLE. That is, although you are the customer's man, in a sense?

Mr. DICK. Yes, sir.

Mr. WHIPPLE. You have charge of customers and advices, as I understood you to say, and in the way you have described?

Mr. DICK. Yes.

Mr. WHIPPLE. But you did not know there was being sent out of the office that day any such message as Exhibit H-4, or that any

such message had been received from Washington or elsewhere? Is that correct?

Mr. DICK. No; I did not. My first knowledge of that was when I read it in the newspapers.

Mr. WHIPPLE. And still, as you read it now you observe that it is a pretty impressive announcement on the subject matter that was at the time engaging the attention of the world?

Mr. DICK. What impresses one man does not impress another.

Mr. WHIPPLE. Tell us whether, if you had known it at the time, it would have impressed you very much, or whether now you think it is an impressive announcement affecting the world?

Mr. DICK. I can only speak for myself; it would not have impressed me very much.

Mr. WHIPPLE. It would have been one of those trivial incidents in the daily life of a broker which would not have impressed him particularly at all?

Mr. DICK. I can only speak for myself.

Mr. WHIPPLE. I say, from your point of view it would have been one of the trivial events in a broker's life that would not have been impressive in the slightest degree?

Mr. DICK. Not in the last two years and a half of a broker's life, but previously it might have impressed me.

Mr. WHIPPLE. You do not happen to have noticed Mr. Baruch's testimony that if he had seen it he would have gone into the market and sold and sold and sold from the beginning of the day until the end and cleaned up—I have forgotten just how much—but many millions? You did not notice that?

Mr. DICK. I may have.

Mr. WHIPPLE. But it would not have impressed you in that way?

Mr. DICK. No, sir.

Mr. WHIPPLE. The possibility of making millions?

Mr. DICK. No, sir.

Mr. WHIPPLE. It still would have been to you one of those almost tiresome incidents in a busy broker's life?

Mr. DICK. No; it would not have impressed me.

The CHAIRMAN. What was the use of sending it over the wire if it meant nothing?

Mr. DICK. I did not send it.

The CHAIRMAN. I did not say you did, but if it meant absolutely nothing, what was the use of sending it over the wire?

Mr. DICK. I can not say that; I can only state my own impression; I am not speaking for anyone else, but I am speaking for myself. I say that different people are impressed differently by different things.

The CHAIRMAN. And you really do not think that that message amounts to very much?

Mr. DICK. I said it would not have impressed me, but I can not speak for anyone else.

The CHAIRMAN. But as far as you are concerned, you do not think it amounted to very much or amounts to very much?

Mr. DICK. It would not have affected me.

Mr. GARRETT. Do you remember, Mr. Dick, when you first learned of the so-called peace note of the President of the United States?

Mr. DICK. The rumor of the peace note?

Mr. GARRETT. Yes.

Mr. DICK. Or the peace note?

Mr. GARRETT. The rumor of it; that such a thing was coming?

Mr. DICK. I do not recall whether it was the 20th of December, but I presume it was the 20th—I have no clear impression about it—Mr. Barrett called across and said “I hear there is a peace note coming out this afternoon.” That is all I heard.

Mr. GARRETT. What time of day was that?

Mr. DICK. I could not tell you. I think it was in the afternoon.

Mr. GARRETT. I would be glad if you would fix the hour as certainly as you can.

Mr. DICK. I wish I could. Nothing would give me greater pleasure, but I judge it was late in the afternoon, but I am not sure. I am only guessing. I would say it was around half past two, or something like that. It made no great impression upon me at the time, so I do not know.

Mr. GARRETT. Had the Lloyd-George speech made any impression upon you?

Mr. DICK. Yes.

Mr. GARRETT. It had?

Mr. DICK. Yes, sir.

Mr. GARRETT. And had the German speech—the speech of the German Chancellor?

Mr. DICK. I do not recall.

Mr. GARRETT. The von Bethmann-Hollweg speech, had that made any impression upon you?

Mr. DICK. I do not recall.

Mr. GARRETT. I believe that was delivered on the 12th?

Mr. DICK. I could not tell you.

Mr. GARRETT. You do not recall that that made any impression at all?

Mr. DICK. No; I do not.

Mr. GARRETT. Why was it that the Lloyd-George speech on the 18th impressed you in the way that you now remember and the von Bethmann-Hollweg speech did not impress you at all?

Mr. DICK. Because I interpreted the Lloyd-George speech as not meaning peace, but as meaning war.

Mr. GARRETT. You interpreted it as not meaning peace?

Mr. DICK. Yes, sir.

Mr. GARRETT. How did you interpret the von Bethmann-Hollweg speech?

Mr. DICK. I do not remember the von Bethmann-Hollweg speech.

Mr. GARRETT. You do not remember the von Bethmann-Hollweg speech at all?

Mr. DICK. No.

Mr. GARRETT. And you think that probably about 2.30 in the afternoon you heard Mr. Barrett call out in the room——

Mr. DICK (interposing). He called it out to me.

Mr. GARRETT. He called it out to you?

Mr. DICK. Yes.

Mr. GARRETT. What was the particular occasion of his telling you about it?

Mr. DICK. Nothing; he often tells me something.

Mr. GARRETT. Which is a matter of news?

Mr. DICK. Yes.

Mr. GARRETT. He just gave you this as a matter of news?

Mr. DICK. He just called it out as he walked across the room.

Mr. GARRETT. Was that all he said?

Mr. DICK. Every word.

Mr. GARRETT. Was that statement made in connection with any discussion of stock transactions?

Mr. DICK. No.

Mr. GARRETT. Did he state how he heard it?

Mr. DICK. No.

Mr. GARRETT. That was all the conversation, was it?

Mr. DICK. Every word.

Mr. GARRETT. Do you recall what you responded?

Mr. DICK. I do not think I said anything.

Mr. GARRETT. Did you happen to notice the statement that went over the ticker, said to have been about 2 o'clock, the Dow-Jones ticker?

Mr. DICK. I may have, but I do not recall it at the moment.

Mr. GARRETT. Do you recall whether the statement made by Mr. Barrett was before or after this had gone over the ticker?

Mr. DICK. I would say it was about the same time; it might have been a little before or it might have been a little after; I can not tell you.

Mr. GARRETT. The ticker statement did not impress you, but you do recall the statement made by Mr. Barrett?

Mr. DICK. Yes.

Mr. GARRETT. Is it not likely that if the statement had been made to you after you had seen it on the ticker that it would have recalled to your mind what had gone over the ticker, even though it made no impression at the particular moment?

Mr. DICK. Repeat that question, please?

Mr. GARRETT. If the statement which Mr. Barrett made to you had been made subsequent to the item that went over the ticker, would not his statement to you have recalled to your mind the ticker statement?

Mr. DICK. I might have thought he got it off the ticker; I do not stand and watch the ticker all day long; I only occasionally look at it. I might look at it three times a day or I might look at it twenty times a day, or once a day.

Mr. GARRETT. I understood you to say in your testimony that you kept up with the ticker as closely as you could?

Mr. DICK. I do; but I am very busy, and I do not suppose that on the average I look at it more than twice some days, if I am busy; I do not remember.

Mr. GARRETT. You can not now recall whether you noticed the ticker message at all?

Mr. DICK. No; I can not.

Mr. GARRETT. And, of course, being unable to recall that you do not know whether the statement was made to you by Mr. Barrett before it appeared on the ticker or after?

Mr. DICK. No; I could not tell you.

Mr. GARRETT. Mr. Dick, is there any particular person in the office of Hutton & Co. to whom a message such as this, which has been the subject of so much comment, would go?

Mr. DICK. It would go to the member to whom it was addressed.

Mr. GARRETT. Is it likely that such a message would be sent to one partner rather than to another?

Mr. DICK. I could not say.

Mr. GARRETT. You do not know how that is?

Mr. DICK. No.

The CHAIRMAN. Mr. Dick, who was in the office of Hutton & Co. on the 18th or 19th of December?

Mr. DICK. How do you mean who was in the office?

The CHAIRMAN. Well, were there unusual visitors that day?

Mr. DICK. Not that I recall.

The CHAIRMAN. Was Mr. Connolly there?

Mr. DICK. I do not remember whether he was there or not.

The CHAIRMAN. Does he come there often?

Mr. DICK. Occasionally.

The CHAIRMAN. Do you know whether he was there during the first two or three weeks of December, or not?

Mr. DICK. I do not.

The CHAIRMAN. Do you know whether any member of his firm was there or not?

Mr. DICK. I do not.

The CHAIRMAN. Do you recall any unusual visitors there about that time, the 18th or 19th?

Mr. DICK. No, sir.

The CHAIRMAN. Are there a great many visitors during the day?

Mr. DICK. Oh, many people come there; all day long there is a steady stream of people coming in.

The CHAIRMAN. You were there all day long during business hours?

Mr. DICK. I go out to lunch.

The CHAIRMAN. I understand that you go out to lunch, of course.

Mr. DICK. But I would not necessarily see people as they come in; it would be only somebody who would come to me for a piece of information.

Mr. GARRETT. You state that your chief duty is somewhat in the nature of the performance of statistical work?

Mr. DICK. Yes, sir. I did not say it was my chief duty, but I said it was a part of my duties.

Mr. GARRETT. Well, I really got the impression——

Mr. DICK (interposing). I personally consider that my most valuable work is that; that is what I meant to convey.

Mr. GARRETT. The collation of facts with reference to values that will enable you to advise a prospective customer or customers touching investments?

Mr. DICK. Yes, sir.

Mr. GARRETT. And also advise them touching speculative features, as well?

Mr. DICK. Yes, sir.

Mr. GARRETT. Well, now, in the matter of the speculative stocks, as distinguished from investment stocks, rumors affect those things quite as much as facts, do they not?

Mr. DICK. Temporarily.

Mr. GARRETT. Well, that is what I mean, temporarily, of course?

Mr. DICK. Yes, sir.

Mr. GARRETT. So, if you advise as to speculative stocks as well as to investment securities, quite naturally it is a considerable part of your duty to keep up with rumors, is it not, that are likely to affect the stock market?

Mr. DICK. I advise very little as to what you might call speculative stocks.

Mr. GARRETT. You advise very little as to those stocks?

Mr. DICK. Most of my advice is given as to properties I have studied and about which I feel I have a thorough knowledge.

Mr. GARRETT. And with reference to investment securities rather than speculative stocks?

Mr. DICK. Yes, sir.

Mr. GARRETT. But you said that very little of your work is with reference to that?

Mr. DICK. As to speculative securities; yes.

Mr. GARRETT. Let us take United States Steel. That is a speculative stock, is it not?

Mr. DICK. Yes, sir.

Mr. GARRETT. You have studied that, have you not?

Mr. DICK. Very slightly.

Mr. GARRETT. Take copper; some of these copper securities that are listed on the stock exchange. They are speculative stocks?

Mr. DICK. Yes, sir.

Mr. GARRETT. And you have studied them?

Mr. DICK. Very slightly.

Mr. GARRETT. Well, what lines of securities have you studied and given thought to?

Mr. DICK. Railroads.

Mr. GARRETT. Railroad securities?

Mr. DICK. Yes, sir.

Mr. CAMPBELL. Mr. Dick, do you advise the clients from the outside or those who live in the city?

Mr. DICK. Well, how do you mean do advise them?

Mr. CAMPBELL. Just what I say. Do you advise them on matters of investments? I believe you stated that was your business?

Mr. DICK. Yes, sir.

Mr. CAMPBELL. Now, then, do you confine that advice to any special clients?

Mr. DICK. No, sir. If I study out a property and believe it is very valuable I send out a telegram over the wire giving my reasons for investing in such property. I did that with regard to Norfolk & Western, and——

Mr. CAMPBELL (interposing). How do you advise investors here in the city?

Mr. DICK. In the same way.

Mr. CAMPBELL. Do you use the telephone?

Mr. DICK. Yes; by telephone, personally, and by letter.

Mr. CAMPBELL. Do you remember giving advice as to buying or long the 15th, 16th, 17th, 18th, or 20th of December?

Mr. DICK. Yes; I think I had been advising people, in a general way, to sell stocks.

Mr. CAMPBELL. You had been advising them to sell?

Mr. DICK. Yes.

Mr. CAMPBELL. If you had in your possession a condensation of the President's note to the belligerents and neutrals of the world on the 18 h of December, you would have attached no importance to it in connection with your advice to buy or sell stocks?

Mr. DICK. I can not say that it would have impressed me very much.

Mr. CAMPBELL. You would practically have ignored that, then, in giving your advice?

Mr. DICK. I do not think I would have paid very much attention to it.

Mr. CAMPBELL. You have an office up in the Plaza Hotel?

Mr. DICK. Yes, sir.

Mr. CAMPBELL. Do you advise clients of Hutton & Co. up there?

Mr. DICK. Occasionally.

Mr. CAMPBELL. Do you spend any time in that office?

Mr. DICK. No, sir.

Mr. CAMPBELL. How do you advsie them?

Mr. DICK. I talk with Mr. Watson, who is the manager and an intimate friend of mine. I call him up and chat with him.

Mr. CAMPBELL. Chat with him over the phone?

Mr. DICK. Yes, sir.

Mr. CAMPBELL. They were selling pretty rapidly up there during the 15th, 16th, 17th, 18th, and 20th of December, were they not?

Mr. DICK. I can not tell you; I do not know.

Mr. CAMPBELL. They seem to have had a sort of hunch up there that something was going to happen, did they not?

Mr. DICK. I do not kn w.

Mr. CAMPBELL. Did you give any advice to the clients of Hutton & Co. who were assembled at the Plaza Hotel?

Mr. DICK. I do not remember whether I did or not.

Mr. CAMPBELL. Do you know whether or not the clients of Hutton & Co. who do business in New York had any information during the 15th, 16th, 18th, or 20th of December that was not possessed by the out-of-town clients?

Mr. DICK. They had none that I know of.

Mr. CAMPBELL. You gave the same advice to those out in the country that you did to those here in the city?

Mr. DICK. Yes, sir. I do not keep in very close touch with it. I spoke about calling up Mr. Watson. I might not call him up in a month; I might call him up two days in succession, and I might not call him up for six weeks. I do not keep in very close touch with him.

Mr. CAMPBELL. The clients of Hutton & Co. out in the country are made up of a very large number who, in the aggregate, make up a very large business but individually hold a small amount; is that true?

Mr. DICK. I presume so, but I have very little to do with the detail work there.

Mr. CAMPBELL. So that when shearing time comes the clip, in the aggregate, is very large, although the lambs are sometimes small?

Mr. DICK. I do not understand what you mean by the shearing time and clipping.

Mr. CAMPBELL. You are not familiar with the shearing time on the stock market?

Mr. DICK. No.

Mr. CAMPBELL. And you do not know what the clip is?

Mr. DICK. No.

Mr. CAMPBELL. We understand out in the country that they sometimes shear the lambs here. You never heard that expression?

Mr. DICK. I have seen it in the papers; yes.

Mr. CAMPBELL. You understand what it means?

Mr. DICK. I understand what they intend to convey.

Mr. CAMPBELL. But you understand what it means?

Mr. DICK. Yes; what they mean.

Mr. CAMPBELL. And they were sheared on the 20th and 21st of December closely, were they not?

Mr. DICK. I did not hear of anybody that got away here or there. I do not know that the people in New York are any different than the people any place else.

Mr. CAMPBELL. But somebody got clipped, did they not?

Mr. DICK. Not necessarily.

Mr. CAMPBELL. The shearing went on, but nobody got the wool?

Mr. DICK. Well, when a stock declines it does not mean that anyone makes money out of it.

Mr. CAMPBELL. Why, one of the members of your firm cleaned up \$20,000 on the 20th, did he not?

Mr. DICK. I saw it in the newspapers. He did not tell me anything about it.

Mr. CAMPBELL. You did not speculate that day?

Mr. DICK. I might have.

Mr. CAMPBELL. Did you?

Mr. DICK. I probably did, as I recollect, and lost. As I recollect it I lost several thousand dollars.

Mr. CAMPBELL. Was that from the fact that you paid no attention to the important information contained in this telegram?

Mr. DICK. Probably if I had realized the importance of it I would have made money. I must be frank, and I would not like to put myself up as being brighter than others.

Mr. CAMPBELL. We think we have had one of the brightest speculators before us in New York, and he states that he would have commenced selling, as stated by Mr. Whipple a while ago, early and sold fast and hard all day. You did not think it of sufficient importance to do that?

Mr. DICK. No; I did not. Perhaps when the market is very weak I would not be inclined to force it down.

Mr. CAMPBELL. As a matter of fact, Mr. Dick, you knew the importance of this telegram?

Mr. DICK. You heard my answer. I have stated my views.

Mr. CAMPBELL. Why is it that the office of Hutton & Co. has endeavored to conceal the original information upon which this telegram was based, and why is it that there has been an effort to depreciate the value of the telegram?

Mr. DICK. You are telling me news; I did not know they were trying to conceal it.

Mr. CAMPBELL. You know that for two days an effort has been made—in the first place, that the telegram is not to be found anywhere?

Mr. DICK. I have heard it since I have been up here, that some telegram is lost, but I did not know it.

Mr. CAMPBELL. The only thing that has been given to the committee is the memory of the alleged sender. The original itself has never appeared or been accounted for. You know Mr. Hutton's testimony, that he placed no importance upon it, and he stated that the whole thing depended, as you stated a moment ago, upon Mr. Lansing's statement. Why is it that the office of Hutton & Co. places no importance at all upon the contents of this telegram?

Mr. DICK. I do not know; but I placed no importance upon it; and that is my judgment of it.

Mr. CAMPBELL. But your judgment and the judgment of Hutton & Co. differ so widely with respect to the importance of this telegram.

Mr. DICK. My judgment often does differ from other people.

Mr. CAMPBELL. Now, don't you know, as a matter of fact, that this telegram, sent out by Mr. Ellis, was based upon a condensation of the President's note to the powers, and that that was in the possession of Hutton & Co.'s office for days before this telegram was sent out?

Mr. DICK. I never heard of that telegram until I read it in the newspapers three or four days ago. That is the first news I ever heard of it.

Mr. CAMPBELL. You have read this telegram?

Mr. DICK. Yes, sir.

Mr. CAMPBELL. Sent out by Hutton & Co.?

Mr. DICK. No; not until I saw it in the newspapers, in the public print.

Mr. CAMPBELL. I say you have read it?

Mr. DICK. Yes, sir.

Mr. CAMPBELL. You see that that telegram was prepared by somebody who had the President's note before him?

Mr. DICK. No, sir.

Mr. CAMPBELL. Don't you recognize it as a condensation of the President's note?

Mr. DICK. It might be a guess. I do not know whether he had the President's note before him.

Mr. CAMPBELL. It could not have been a guess, could it, Mr. Dick? You are more than ordinarily intelligent.

Mr. DICK. Thank you. I began to think I was not—on the wrong side of the market.

Mr. CAMPBELL. Now, read that and note carefully the language that he used—language used by a man writing a state paper.

Mr. DICK. It speaks for itself: "We are confidentially informed."

Mr. CAMPBELL. Oh, but the language, showing what the note is to be, that the President is to send out, what its purpose is. That could not have been a guess, could it? This was in advance of the publication of the note.

Mr. DICK. What is it you are asking me?

Mr. CAMPBELL. I am asking you if you do not realize that that must have been written by some one who had a condensation of the President's note before him.

Mr. DICK. It states "We are confidentially informed." You can read it. There is the explanation in the telegram, "We are confidentially informed."

Mr. CAMPBELL. Were you in Mr. Hutton's office this morning when he was talking to the telegrapher who gave testimony here yesterday evening?

Mr. DICK. No, sir.

Mr. CAMPBELL. You did not hear it?

Mr. DICK. I was in the office, but I did not hear.

Mr. CAMPBELL. You did not hear what he said to Mr. Becker?

Mr. DICK. No, sir.

Mr. CAMPBELL. That is all.

The CHAIRMAN. You are excused for the present.

Mr. DICK. Thank you, sir.

Mr. WHIPPLE. Mr. Chairman and gentlemen, one of the members of the firm of Hutton & Co. desires to make a statement as to the speed with which Mr. Ellis is getting back and I think he is able to predict his return to-night.

The CHAIRMAN. All right.

STATEMENT OF MR. MILLARD F. TOMPKINS.

Mr. TOMPKINS. I think it only fair, sir, in view of the insinuations contained in the examination of Mr. Dick, that we were trying to conceal something, to say that Mr. Ellis will be here to-night and if this committee will be here to-morrow he will be very glad to appear.

The CHAIRMAN. Who is addressing the committee? What is your name?

Mr. TOMPKINS. Millard F. Tompkins.

The CHAIRMAN. Mr. Tompkins, at present the committee intends to sit in Washington Monday morning, and it is doubtful whether we will be here to-morrow, but Mr. Ellis must be ready to respond here if we hold a session here, or to be in Washington Monday morning.

Mr. TOMPKINS. He will be perfectly willing to testify here to-morrow.

The CHAIRMAN. Now, there is no question about him being present? I understand there is no question. The committee feels like it should use every process to require the presence of Mr. Ellis, and what the chair is seeking now is to have it made perfectly clear that Mr. Ellis will be here to-morrow if we sit here to-morrow, or in Washington.

Mr. TOMPKINS. I am in receipt of a wire that he will be here tonight.

The CHAIRMAN. Have you the wire with you?

Mr. TOMPKINS. No, sir. But I can send for it.

The CHAIRMAN. I wish you would, so that we may have it in the record. We want that point made very plain and clear in the record, because Mr. Ellis is a very important witness, and the committee would feel that it had not done its duty if, by reason of any untoward happening he should not appear before the committee, not meaning, of course, to reflect on you.

Mr. TOMPKINS. I am absolutely sure that Mr. Ellis will be here.

The CHAIRMAN. That is sufficient.

Mr. CAMPBELL. May I suggest the importance of Mr. Ellis having with him every memorandum in Hutton & Co.'s office bearing on this matter, letters, memoranda, telephone communications, telegrams, condensations that bear no signature, showing the sources from which this telegram was written?

Mr. TOMPKINS. I think all the information in our office has already been placed at the disposal of the committee, but if Mr. Ellis has any personal memoranda he will be very glad, I am sure, to produce it.

The CHAIRMAN. Very well.

Who is your next witness?

Mr. WHIPPLE. Mr. Hummel.

TESTIMONY OF MR. JOHN F. HUMMEL.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Hummel, will you state your full name?

Mr. HUMMEL. John F. Hummel.

Mr. WHIPPLE. You are a resident of New York?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Your occupation?

Mr. HUMMEL. Telegrapher.

Mr. WHIPPLE. You are in the employ of E. F. Hutton & Co.?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. As a telegrapher?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. You will have to speak audibly, you see, because the stenographer must get what you say, and he can not see your nods. I am sure you have voice enough here.

Mr. HUMMEL. I will try.

Mr. WHIPPLE. How long have you been in the employ of the firm?

Mr. HUMMEL. About two and a half years.

Mr. WHIPPLE. What were you doing last December?

Mr. HUMMEL. Working for E. F. Hutton & Co.

Mr. WHIPPLE. On what line—what sort of work?

Mr. HUMMEL. As a telegrapher.

Mr. WHIPPLE. Well, we have had a description of those lines, and we want to know which line.

Mr. HUMMEL. On the southern line.

Mr. WHIPPLE. I beg your pardon?

Mr. HUMMEL. On the southern wire.

Mr. WHIPPLE. Doing what?

Mr. HUMMEL. Telegraphing.

Mr. WHIPPLE. Sending or receiving; which?

Mr. HUMMEL. Sending and receiving.

Mr. WHIPPLE. Sending and receiving?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Were you the only man on that line?

Mr. HUMMEL. I believe so, unless I was relieved that day for lunch.

Mr. WHIPPLE. I am talking about the whole of December.

Mr. HUMMEL. Oh, for the whole of December?

Mr. WHIPPLE. Yes.

Mr. HUMMEL. Oh, I believe so; yes; I believe I was, as near as I can remember.

Mr. WHIPPLE. In other words, your duties on that line were both to send and receive messages during the entire month?

Mr. HUMMEL. Yes; as near as I can remember.

Mr. WHIPPLE. What are your hours? When did you begin to receive and send and when did you end it? What were they in December?

Mr. HUMMEL. From 9 o'clock until 4 or 4.30.

Mr. WHIPPLE. And were you during December continuously at that work each day?

Mr. HUMMEL. As near as I can remember; yes, sir. I do not think that I was away during December any time.

Mr. WHIPPLE. Did you use to go out for your luncheon during December?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Had you any habit about it as to when you would go and when you would return and how long you would be gone?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. What was it?

Mr. HUMMEL. About a half an hour.

Mr. WHIPPLE. That you went out?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. To whom was your instrument intrusted while you were gone, in December?

Mr. HUMMEL. Well, sometimes Mr. Maltby would relieve me and sometimes Mr. Becker.

Mr. WHIPPLE. Who is Mr. Maltby?

Mr. HUMMEL. Mr. Maltby is a telegrapher in the office.

Mr. WHIPPLE. What are his particular duties, or what were they in December?

Mr. HUMMEL. Well, I believe his duties are to distribute the papers around the office and relieve the telegraphers.

Mr. WHIPPLE. A sort of an extra man, or an assistant to Mr. Toomey?

Mr. HUMMEL. Well, I believe he is an assistant to Mr. Toomey.

Mr. WHIPPLE. So that in a sense he is over the regular operators?

Mr. HUMMEL. Yes; I believe he is.

Mr. WHIPPLE. He relieves them when they are out, does he, sometimes?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. And he distributes the work?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. What do you mean by distributing the work? Taking messages and handing them around to the different people?

Mr. HUMMEL. As they come into the office, from the different clerical departments, he distributes them around among the various wires.

Mr. WHIPPLE. To the men that they ought to go to?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Now, have you named every one who operated your instrument or your wires during December, besides yourself? Mr. Maltby, you say, and Mr. Becker?

Mr. HUMMEL. And Mr. Becker; yes. I believe so.

Mr. WHIPPLE. Do you not remember of any one else?

Mr. HUMMEL. I do not think so.

Mr. WHIPPLE. What time do you usually go to your luncheon?

Mr. HUMMEL. Well, that varied, sometimes——

Mr. WHIPPLE (interposing). I am sure you will have to speak a little louder.

Mr. HUMMEL. Well, any time between 12 and 1.30.

Mr. WHIPPLE. And for a half hour, varying between those limits of time?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Let me ask you in general what was the character of the messages that you sent out and received over the southern wire in December?

Mr. HUMMEL. Well, gossip of various kinds, stock gossip, cotton gossip, reports of sales of stock, and so on, from the various correspondents.

Mr. WHIPPLE. Orders for sales? Orders to sell?

Mr. HUMMEL. Reports on sales.

Mr. WHIPPLE. Well, I know it, but you had to have orders before you sold. You would have orders to buy or sell and then reports as to having done so?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Did that constitute the large bulk of what came over your line—the southern line?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. And besides that, there was market gossip. Is that right?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Do you remember of statements coming over the wire or going over the wire from your office as to events happening or about to happen that were or might be of importance as affecting stock market prices? I mean of that general character.

Mr. HUMMEL. Well, of a general character, yes.

Mr. WHIPPLE. General character like that?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Do you remember in December of ever relieving Mr. Becker on his line?

Mr. HUMMEL. I did not.

Mr. WHIPPLE. You did not during December?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. Were you present this morning when Mr. Hutton spoke with Mr. Becker after his testimony last evening and regarding it?

Mr. HUMMEL. I was in the office at the time, but I was on my wire.

Mr. WHIPPLE. Yes.

Mr. HUMMEL. That is quite some distance from him. I saw Mr. Hutton talking with Mr. Becker, but I could not tell you what he said, or I had no idea at all what he was talking about.

Mr. WHIPPLE. Could you not hear the general substance of the conversation?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. Well, you read in the morning paper Mr. Becker's testimony, no doubt?

Mr. HUMMEL. I read part of it.

Mr. WHIPPLE. And you read the impressive part of it, where he stated that he did not remember of any such message coming over the Washington wire as it had theretofore been claimed had been sent? You read that part of it, did you not?

Mr. HUMMEL. Yes; I did read that part of it.

Mr. WHIPPLE. Now, I ask you if you did not sense this morning that that was the subject matter of the conversation between Mr. Hutton and his employee?

Mr. HUMMEL. Well, I do not know what the conversation was. I could not tell you. I did not hear it.

Mr. WHIPPLE. Very well, you did not hear it?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. You just saw them talking together?

Mr. HUMMEL. That is all.

Mr. WHIPPLE. Earnestly and seriously, no doubt? I mean they were?

Mr. HUMMEL. Well, in fact, I was busy at the time, and I looked up just at one particular time and I saw Mr. Hutton talking to Mr. Becker.

Mr. WHIPPLE. Yes.

Mr. HUMMEL. But I got busy again. That is all I know about it.

Mr. WHIPPLE. Yes. Was Mr. Maltby there?

Mr. HUMMEL. I believe he was; yes.

Mr. WHIPPLE. Was he participating in the hum of conversation?

Mr. HUMMEL. I do not know just what Mr. Maltby was doing at that time.

Mr. WHIPPLE. How near was he to Mr. Hutton?

Mr. HUMMEL. I do not know. I was busy at the time.

Mr. WHIPPLE. Well, I want to get their location. Mr. Hutton was pretty near Mr. Becker talking to Mr. Becker and Mr. Maltby was right by Mr. Hutton. Is that right?

Mr. HUMMEL. Well, that I could not tell you. I do not think so.

Mr. WHIPPLE. Well, you saw him there?

Mr. HUMMEL. I saw him in the office.

Mr. WHIPPLE. What was he doing?

Mr. HUMMEL. Distributing telegrams. I believe, at the time.

Mr. WHIPPLE. Was he? Or was he listening to the conversation with Mr. Becker at some time?

Mr. HUMMEL. Well, as near as I can remember what Mr. Maltby was doing at that time, he was distributing a few telegrams, but not in the immediate vicinity where the conversation was taking place just at the time I saw Mr. Maltby.

Mr. WHIPPLE. And you did not hear the conversation?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. I understand that you did not relieve Mr. Becker on the southern wire during that month?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. May I ask you to look at certain papers that have been included in the hearings. The first is Exhibit H-1. Have you ever seen that before?

Mr. HUMMEL. No, sir. I never saw that telegram before.

Mr. WHIPPLE. This is the one from Clement to Barrett, confidential, and is the first one of a series of four that we have dealt with. Did you know there was such a telegram until you perhaps saw it in the newspapers?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. It was not called to your attention in any way?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. Can you tell from its general appearance through whose hands it came in the office? Is there any symbol there that will enable you to identify it?

Mr. HUMMEL. No, sir; nothing at all, nothing at all to identify it.

Mr. WHIPPLE. What does that pencil mark like a caret or check mark indicate on the front of it, if you know?

Mr. HUMMEL. I do not know.

Mr. WHIPPLE. That is not a symbol with which you are familiar?

Mr. HUMMEL. No, sir. It may be marked by some operator who handled it.

Mr. WHIPPLE. Would that be the mark of the operator or, as has been suggested, the mark of Mr. Barrett indicating that he had read it.

Mr. HUMMEL. I could not tell you what Mr. Barrett's mark is.

Mr. WHIPPLE. Take Exhibit H-2. Have you ever seen that before, or anything like it?

Mr. HUMMEL. No, sir. I never saw that.

Mr. WHIPPLE. Or anything like it?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. Is there any symbol on it indicating that it went through your hands?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. What do the symbols indicate, if anything?

Mr. HUMMEL. I would say that there is a C on there, and it may be Mr. Conklin's symbol.

Mr. WHIPPLE. Do you indorse the papers that go through your hands, especially those which give the text of telegrams to go out, with some symbol?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. That is, your initials? The symbol you use is your initials?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. This particular paper did not go through your hands?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. So far as you remember, did the substance of it go over your wire on December 20?

Mr. HUMMEL. I sent a message on the southern wire, but unless I saw the telegram I could not tell you just exactly whether it was that particular message or not.

Mr. WHIPPLE. But you remember sending one of some character or description? Let me ask you, was it a stock flash?

Mr. HUMMEL. Not a stock flash.

Mr. WHIPPLE. Well, this, you see, appears to be.

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. I want to press again for the delivery by the Hutton firm of any other similar telegrams that day, because I think we have had the testimony that while they sometimes fail to preserve copies, or the telegrams themselves that come in, it is their invariable custom to keep copies of what they send out. I have understood that was their system. Is there anyone here that you can impress on to get that, because so far as it appears, this stock flash was not sent out over the southern line.

Mr. HUMMEL. No; that was not sent out over the southern line. That is, as far as I know.

Mr. WHIPPLE. Now, we have asked for the production here in evidence of a copy of every telegram that was sent out by your firm on that day on that subject matter and we have not received anything more than the four that have been presented. Now, do you have a memory of something that was sent out on this subject matter over the southern wire on December 20, having to do with the subject matter here, of the State Department issuing a statement that day intended to promote peace prospects? Because if you have it in your memory, let us know so that we can try to get it.

Mr. HUMMEL. I have a memory of a message being sent out.

Mr. WHIPPLE. On that day?

Mr. HUMMEL. Well, I could not tell you. I could not say for sure whether it was on that day or not.

Mr. WHIPPLE. Will you undertake, as soon as you go back, to see if a copy of some such telegram as to that day has been overlooked?

Mr. HUMMEL. I will do so.

Mr. WHIPPLE. And then will you ask them to go back over the preceding days and see if they have a copy of any such telegram as you can identify with your description as having been sent out over the southern line, say for a week before December 20? I take it that the committee would like the production of such a copy.

The CHAIRMAN. Yes. Charge your memory with that and make it your special business to look that up as soon as you return to the office.

Mr. WHIPPLE. Because we have understood heretofore that your firm has produced copies of every telegram on this subject matter that was sent out that day.

Mr. HUMMEL. May I ask you, do you refer to the message that Mr. Ellis sent out? That was the message that I referred to. That was the message that was sent over the southern wire.

Mr. WHIPPLE. Now, I want to ask you if this was not sent out——

Mr. HUMMEL (interposing). That was not sent over the southern wire.

Mr. WHIPPLE. I see. Well, that is all right. Then very likely I am coming to the one that you refer to. Exhibit H-3. Look at that. That is the one from Ellis to Clement, saying "Our Washington wire," etc. Did you ever see that before?

Mr. HUMMEL. No, sir; I never saw it before.

Mr. WHIPPLE. Did you have anything to do with its transmission?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. Who did, according to the symbols indorsed there?

Mr. HUMMEL. I would take this for an S. If that is what it is, it may have been sent by Mr. Shea.

Mr. WHIPPLE. And he would be a man expected to send it to Chicago over your Chicago wire?

Mr. HUMMEL. Yes, if he was working the wire at that time.

Mr. WHIPPLE. Do you see any other symbol on it indicating that anybody else had anything to do with it?

Mr. HUMMEL. Well, I do not recognize the symbol up there.

Mr. WHIPPLE. That is the one marked by our stenographer H-3.

Mr. HUMMEL. Well, I did not recognize it.

Mr. WHIPPLE. Now, I will put in your hands Exhibit H-4, which perhaps is the telegram which you had in mind when you testified a moment ago. I will ask you to read it carefully and then state whether you ever saw that paper before.

Mr. HUMMEL. This is the telegram that I have referred to as having been sent south. I sent this on the southern wire.

Mr. WHIPPLE. You remember that, do you? Is that a matter of memory, or is there a symbol on it indicating that?

Mr. HUMMEL. It is just merely a matter of memory.

Mr. WHIPPLE. Is there any symbol there indicating that?

Mr. HUMMEL. Yes; my symbol is right there [indicating].

Mr. WHIPPLE. Yes. Your symbol is indorsed on the front of it?

Mr. HUMMEL. Yes.

Mr. WHIPPLE. And besides that, you can state it as a matter of memory, as I understand?

Mr. HUMMEL. It is a long telegram coming from Mr. Ellis, and which we very rarely got.

Mr. WHIPPLE. And on an important matter?

Mr. HUMMEL. Yes.

Mr. WHIPPLE. I wanted you to read it carefully, to see, and you say, aside from your indorsement of the symbol, you have a memory of sending it?

Mr. HUMMEL. Yes; I remember sending it.

Mr. WHIPPLE. Because it was a long telegram from Mr. Ellis, a gentleman from whom you seldom got them, and because of the importance of its subject matter.

Mr. HUMMEL. Well, I do not mean to say that I seldom got telegrams from Mr. Ellis, but very rarely would I get one as long as this.

Mr. WHIPPLE. And one of such commanding importance. Is that true?

Mr. HUMMEL. Yes.

Mr. WHIPPLE. But, at all events, aside from your symbol, you remember sending it?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Now, according to the symbols on it, who else sent that paper?

Mr. HUMMEL. Mr. Conkling.

Mr. WHIPPLE. And he was the sender on the western wire—correct me if I am wrong.

Mr. HUMMEL. On the western wire.

Mr. WHIPPLE. So that undoubtedly this went over your southern wire to your southern houses?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Now, you also receive on the southern wire. Did you receive that in substance on that day from anybody?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. You did not?

Mr. HUMMEL. No, sir.

Mr. WHIPPLE. And so far as you know, you were the only one on the southern wire?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. That day?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. How can you tell that you did not receive it on the southern wire?

Mr. HUMMEL. Well, I would possibly remember a message of that kind. It would be a lengthy telegram, and quoting three markets and doing a lot of other work on a wire of that kind, the chances are I would have held it up for awhile.

Mr. WHIPPLE. That is out of the usual, is it not?

Mr. HUMMEL. Yes, sir. It is a lengthy telegram.

Mr. WHIPPLE. Now, let me read it. Aside from your having read it, which has helped you getting it visualized, I want to see if you—you said you did not receive any such telegram, but if you had received a telegram reading as this one does—that is, received it from Washington, the Capital, you know, where such intelligence would naturally come from:

We inform you confidentially that a highly important message to all belligerents has been issued from Washington interpreted not as pressure on belligerents in behalf of peace, but an opportunity to put American demands in record to be considered if there is peace, and a warning that neutral rights must not be further encroached upon. Full text to be given out to-night, and will be looked on as a move of great moment.

What I understand you to say is, that if you had received a message couched in those terms, coming from the Capital just at this time, undoubtedly you would have remembered it, would you not?

Mr. HUMMEL. I think so.

Mr. WHIPPLE. Yes; because it was so much out of the ordinary. That is right, is it not?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. By the way, you happened to read Mr. Becker's testimony, did you not?

Mr. HUMMEL. I read part of it this morning.

Mr. WHIPPLE. Well, that part of it in which he stated that, if he had received it, he would have remembered it, because of its being out of the ordinary and of its commanding importance he would have remembered it; that is, you would have remembered it likewise if you had received it?

Mr. HUMMEL. Yes, sir; I would have remembered it if I had received it.

Mr. WHIPPLE. And you have no memory of receiving it?

Mr. HUMMEL. No, sir; I did not receive it.

Mr. WHIPPLE. You did not receive it. Then you can state positively that you did not receive it?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. Now, so far as you know, the only lines to the Hutton office from Washington are the Washington line, which Mr. Becker took care of, and the Southern line, which you took care of?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. No other lines from Washington into that office that you know of?

Mr. HUMMEL. No other telegraph lines.

Mr. WHIPPLE. I meant telegraph lines. There are telephone lines?

Mr. HUMMEL. I do not know of any telephone lines.

Mr. WHIPPLE. Do you know of any private telephone wire between Washington and the Hutton office?

Mr. HUMMEL. I do not.

Mr. WHIPPLE. It has been said that by a readjustment of private Washington wires, which you lease from the telegraph company, that wire may be turned into a telephone line by some adjustment.

Mr. HUMMEL. I believe that is possible, and I think that has been done occasionally.

Mr. WHIPPLE. That has been done occasionally?

Mr. HUMMEL. Yes. That is, not in this particular instance, but I say I believe that can be done.

Mr. WHIPPLE. Let me ask you whether that was habitually done there with the private wire in the Hutton office, or was ever done, to your knowledge, in December.

Mr. HUMMEL. Not to my knowledge.

The CHAIRMAN. How long does it take to make that change?

Mr. WHIPPLE. Yes; is it much of a job? How long does it take to do it?

Mr. HUMMEL. Oh, I do not know—10 or 15 minutes. I believe that they call up the main office and have the change made there.

Mr. WHIPPLE. I was about to ask you that.

Mr. HUMMEL. Yes.

Mr. WHIPPLE. In order to accomplish that change from a telegraph wire to a telephone wire, so that the telephone instruments will work over it, you call up the main office, and in 10 or 15 minutes it is done?

Mr. HUMMEL. I believe so.

Mr. WHIPPLE. So that that involves no work or mechanism either on the part of the Connolly office or the Hutton office, except call up the main office and ask to have it done?

Mr. HUMMEL. That is usually done through the telegraph department.

Mr. WHIPPLE. Oh, through the telegraph department?

Mr. HUMMEL. Yes.

Mr. WHIPPLE. Of course, you would have to use the telegraph department to get word to the people you wanted to make the change. That would never be done in the middle of the day? It would be done after hours for some urgent purpose?

Mr. HUMMEL. Well, it usually is; yes.

Mr. WHIPPLE. But I do not understand that you know of its having been done with regard to this Washington line?

Mr. HUMMEL. I could not say about the Washington line particularly. I am just merely telling you that is the way it is usually done.

Mr. WHIPPLE. And naturally you would not know it, because if that was done, it would be done after hours, and after your service for the day had come to an end?

Mr. HUMMEL. Or it might be done right after the market closed.

Mr. WHIPPLE. That is true, but, of course, it could not be done so as to interrupt the ordinary service of the wires in dispatching orders to buy and sell, and current business orders incidental thereto?

Mr. HUMMEL. That is the idea.

Mr. WHIPPLE. What are stock flashes? Do they really differ except in name from any messages which give general information about the market or predict or declare the happening of some events?

Mr. HUMMEL. That is about what they amount to.

Mr. WHIPPLE. And that is more a detail than anything else?

Mr. HUMMEL. Yes.

Mr. WHIPPLE. When those are sent out to the south, do you know whether they usually reach Washington by the southern wire or whether they are sent by the Washington wire, which is exclusively Washington? I am referring to December.

Mr. HUMMEL. I could not tell you if Washington copies them from the southern wire or not. I do not think that he would, having a direct wire of his own.

Mr. WHIPPLE. But he could do it if he wanted to?

Mr. HUMMEL. Not unless there was two operators there.

Mr. WHIPPLE. I see. That would require two operators, because one would be attending to the southern wire, so-called, and the other to the special and exclusive Washington wire?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. So that your belief is that the flashes to Washington would go over the Washington wire exclusively?

Mr. HUMMEL. Yes, sir.

Mr. WHIPPLE. That is all.

The CHAIRMAN. You may be excused.

Mr. WHIPPLE. Mr. Chairman, and gentlemen of the committee, this would seem to exclude almost every possibility of anyone else ever having received this missing wire, but very likely the committee would like to hear from the other operators, so as to make it, perhaps, beyond contradiction.

The CHAIRMAN. Did this witness state that any other operator was on the southern wire except himself?

Mr. WHIPPLE. No; he stated that he held it exclusively, except that occasionally another man——

Mr. GARRETT (interposing). I think Mr. Shea should be called.

Mr. WHIPPLE. He is the western man.

Mr. GARRETT. He is the assistant to Mr. Toomey.

Mr. WHIPPLE. Is the messenger boy here, Mr. Peterson? Mr. Peterson was referred to by the witness Toomey as establishing the foundation for certain gossip.

TESTIMONY OF MR. NICHOLAS PETERSON.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. What is your full name?

Mr. PETERSON. Nicholas Peterson.

Mr. WHIPPLE. Where do you live?

Mr. PETERSON. Brooklyn.

Mr. WHIPPLE. And what is your occupation?

Mr. PETERSON. Why, I file messages away and check board reports against orders.

Mr. WHIPPLE. You file messages away and check up board reports against orders?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. How active does that keep you during the day?

Mr. PETERSON. Well, all the activity is in just checking up my reports against my orders. That is my biggest job.

Mr. WHIPPLE. That does not take you right out on the street very much, does it?

Mr. PETERSON. No, sir.

Mr. WHIPPLE. You are confined right to the office?

Mr. PETERSON. Yes sir.

Mr. WHIPPLE. What time do you get there in the morning?

Mr. PETERSON. Between 9 and half past 9.

Mr. WHIPPLE. When do you go out to lunch?

Mr. PETERSON. When we are busy we have lunch brought into us.

Mr. WHIPPLE. So you do not go on the street, at all, then, to get the gossip of other houses?

Mr. PETERSON. That is it.

Mr. WHIPPLE. How long have you done this job?

Mr. PETERSON. I could not exactly say. I have forgotten that part of it. It is a few years, anyway.

Mr. WHIPPLE. How long have you been working for the Hutton house?

Mr. PETERSON. I have been working there near around the 1910 mark, I think it was.

Mr. WHIPPLE. I see. You have been there quite a while, haven't you?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. And latterly you have been doing this job which you now are speaking of?

Mr. PETERSON. Yes, sir. The first job I had was marking the board and putting up prices.

Mr. WHIPPLE. Board boy?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. Then you are not a messenger. You have rather an important function to perform?

Mr. PETERSON. Just running around the table and taking the telegrams off the spikes, and things like that. That is all.

Mr. WHIPPLE. And then checking them up?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. Do you know Mr. Toomey?

Mr. PETERSON. Yes, sir. He is the head man.

Mr. WHIPPLE. He is your superior?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. You take orders from him?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. Now, I will explain to you why you are called, and I will ask you in that connection first to look at a copy of a telegram which was sent out on December 20, which says: "Reports have it that the State Department will issue a statement to-day intended to promote peace prospects." Mr. Toomey sent that out, and when inquired of as to where he got those reports, the only one he could definitely remember was that you had told him that probably about ten or fifteen minutes before that was sent. Do you remember telling him any such thing?

Mr. PETERSON. I might have said something. I do not remember it, though. I was so busy that I have forgotten everything about it.

Mr. WHIPPLE. Where had you learned on December 20 that the President was going to issue a peace note?

Mr. PETERSON. I do not know where I could have heard it. I have forgotten all about it, if I said it. I could not swear that I told him that.

Mr. WHIPPLE. You could swear you did not?

Mr. PETERSON. I could not swear I did not and I would not swear I did not, but I do not know if I did or did not. I have forgotten about it.

Mr. WHIPPLE. That is, so far as you have remembered, you did not say any such thing?

Mr. PETERSON. I have forgotten all about it.

Mr. WHIPPLE. These passing events of what the State Department at Washington is doing with regard to the peace of the world, you do not carry in your mind?

Mr. PETERSON. I have nothing to do but to check my reports.

Mr. WHIPPLE. In point of fact, there is not any question at all but that day you were right in the office checking your reports?

Mr. PETERSON. On those particular days you are bringing up, on December 20 and around there, we had quite a busy market.

Mr. WHIPPLE. And that meant you were not running out on the street?

Mr. PETERSON. No, sir.

Mr. WHIPPLE. You were attending to your business?

Mr. PETERSON. Picking up messages and checking up my reports.

Mr. WHIPPLE. So, on the whole, you would be pretty sure that you were not the authority of Mr. Toomey for that flash report to the world, or to all your correspondents, with reference to the President's peace message?

Mr. PETERSON. No; I do not remember anything like that. I have forgotten about it.

Mr. WHIPPLE. Are you sure that you have forgotten about it? If it never happened you could not forget it?

Mr. PETERSON. I was so busy with my reports; that is all I could think about.

Mr. WHIPPLE. The probability is that it never happened, is it not?

Mr. PETERSON. It might have happened and it might not; I could not remember.

Mr. WHIPPLE. Would not you remember that you had informed Mr. Toomey, your superior, about a current rumor on the street that the President was going to issue a peace note?

Mr. PETERSON. I would not remember a thing like that.

Mr. WHIPPLE. Would not you remember that?

Mr. PETERSON. No, sir.

Mr. WHIPPLE. I see.

Mr. PETERSON. Because all messages that I file away I just glance at them. If they look like a bookkeeping message, or something of that sort, I stick them in the bookkeeping messages.

Mr. WHIPPLE. I was talking about some street rumor.

Mr. PETERSON. I do not remember about that.

Mr. WHIPPLE. You interest us a little in saying that you file away messages. Mr. Peterson, what kind of messages do you file away?

Mr. PETERSON. Messages that were sent—like bookkeeping messages—going out to our western office, or southern office, and all these houses. I file all of those messages.

Mr. WHIPPLE. Are copies of all the messages sent out kept?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. And you have charge of that?

Mr. PETERSON. Yes, sir.

Mr. WHIPPLE. Who has charge of keeping the copies or originals of messages that come in?

Mr. PETERSON. I do not know where they go to. The messages that come in, they are not more than sent over the wire, and then they are stamped, and whoever they are addressed to they are put out to the certain party they are going to, and what becomes of them then I do not know.

Mr. WHIPPLE. You do not pick them out?

Mr. PETERSON. No.

Mr. WHIPPLE. That is all.

Mr. PETERSON. The only messages I file away is the ones going one way only, and that is the sending side.

Mr. WHIPPLE. Exactly, but when they come in?

Mr. PETERSON. I do not see any of them.

Mr. WHIPPLE. They are distributed to the people to whom they are addressed, and they keep them or file them or do whatever they please with them.

Mr. PETERSON. That is it.

Mr. WHIPPLE. And you are charged with responsibility for them?

Mr. PETERSON. The only messages that come back to me are sent orders. Of course, the orders that are sent here, if they are executed, the execution is right on the particular order and sent back again. They are the only ones I keep—only the orders.

Mr. WHIPPLE. Let me call your attention to this: Last night, just after we adjourned and when you were in a hurry to get away, did not you state, in the presence of us all, that you did not hear any street rumor such as Mr. Toomey referred to?

Mr. PETERSON. I did not remember of any.

Mr. WHIPPLE. Well, did not you state right here last night that you did not tell him of any such rumor?

Mr. PETERSON. That I did not tell him of such rumor?

Mr. WHIPPLE. Yes.

Mr. PETERSON. I did not say anything like that.

Mr. WHIPPLE. Last night?

Mr. PETERSON. I said I did not remember of anything. I do not know how I could have heard it. I do not remember of anything.

Mr. WHIPPLE. You do not remember of telling him any such rumor?

Mr. PETERSON. No, sir.

Mr. WHIPPLE. That is all.

The CHAIRMAN. You may stand aside. You are excused.

TESTIMONY OF GEORGE W. CONKLING.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Your full name is George W. Conkling?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And where do you reside?

Mr. CONKLING. Ridgefield Park, N. J.

Mr. WHIPPLE. And your business or occupation is what?

Mr. CONKLING. Telegrapher for E. F. Hutton & Co.

Mr. WHIPPLE. For how long?

Mr. CONKLING. About two years and a half.

Mr. WHIPPLE. What has been your particular assignment in telegraphic work within the last two or three months?

Mr. CONKLING. I am assigned to the overland circuit.

Mr. WHIPPLE. That is one that goes to the extreme west?

Mr. CONKLING. Yes; on the transmitting side of the duplex.

Mr. WHIPPLE. Then, is it true that in December you did not receive any messages?

Mr. CONKLING. I did not; no, sir.

Mr. WHIPPLE. It was entirely in the matter of transmission?

Mr. CONKLING. Certainly.

Mr. WHIPPLE. In December did you ever receive messages on the southern circuit or the Washington line for either of those operators?

Mr. CONKLING. No, sir; I did not. As I explained in my last answer to your previous question, my duties are solely confined to transmitting from New York to all points on the coast, the fastest and the longest telegraphic circuit in the world, and I have done no receiving whatever in E. F. Hutton & Co.'s office since the 1st of September last, since we started that wire—no receiving whatsoever.

Mr. WHIPPLE. So that there is no chance that you ever spelled them for luncheon or anything of that sort, and having received over the southern or the Washington wire during December?

Mr. CONKLING. No. The fact is, I am practically chloroformed from 10 o'clock in the morning until 3 o'clock in the afternoon, except 30 minutes from 12 to 12.30, when I am relieved for luncheon. The rest of the day I have to sit in my chair and concentrate on all the gossip and stuff that goes over my wire.

Mr. WHIPPLE. You do not mean you are chloroformed as affecting the activities of your work, but you mean that you are chloroformed as to outside matters?

Mr. CONKLING. Oblivious to all outside work.

Mr. WHIPPLE. It is only a question of the extent to which you are chloroformed?

Mr. CONKLING. Yes, sir; that is right.

Mr. WHIPPLE. Will you look at Exhibit H-1, "Barret confidential" from Clement; you, being a sender, would have nothing to do with that?

Mr. CONKLING. I have never seen it, that particular copy.

Mr. WHIPPLE. And in the ordinary part of your work, you would not see it?

Mr. CONKLING. No, sir.

Mr. WHIPPLE. In the ordinary discharge of your work, you would not see it?

Mr. CONKLING. No, sir.

Mr. WHIPPLE. Look at Exhibit H-2. Do you remember sending that?

Mr. CONKLING. Yes, sir; I transmitted this message.

Mr. WHIPPLE. How do you know?

Mr. CONKLING. I remember particularly that instance, from the mere fact that we were having inquiries from various parts of the West as to what we attributed the break in the market to, and we were naturally trying to get some information as to why this market started to sag off. That began around noontime. I noticed it because I have to watch the tape for every price incidentally and you can see things coming. It is naturally a sort of instinct one ha

in watching the tape constantly, and I remember hearing from the other side—while I do not receive any messages I remember hearing several questions asked around me as to the cause of those breaks, and I presumed that this particular message was in reply to some query from the West, and that is my symbol.

Mr. WHIPPLE. That is it; you both have a memory with regard to sending it out because of its unusual and interesting character, and it bears your symbol as well? Is that a correct statement?

Mr. CONKLING. Yes, sir. But we have had so many very important what we considered flashes, or gossip of such an important nature since the war broke out which would naturally affect stock values, that after you have transmitted it or after it has passed through your hands, about five minutes afterwards you forget about it, but in this particular instance I remember it distinctly.

Mr. WHIPPLE. Do you remember it?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. For the reasons you have stated?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And of course it checks up your memory by its having that symbol?

Mr. CONKLING. Yes; certainly.

Mr. WHIPPLE. The one referred to, gentlemen, is "Reports have it that State Department will issue statement to-day intended to promote peace prospects," and that you see went back at 12.57?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And you say you had already noticed for some little time the sagging off of prices?

Mr. CONKLING. Yes, sir; practically all the morning, which would indicate to me that somebody in the street, some big operator, must have known something that was going to happen, and had taken advantage of it.

Mr. WHIPPLE. And, as you stayed there, chloroformed in the discharge of the activities of your duties, you could see from the tape you were watching that there were some big operators that had some reason for what was being done?

Mr. CONKLING. Yes; certainly.

Mr. WHIPPLE. Now, taking the next one, H-3, that is the telegram that was sent. Look at that and see if you had anything to do with its transmission.

Mr. CONKLING. None whatsoever. I recognized it only as Mr. Ellis's handwriting.

Mr. WHIPPLE. Do you know the symbol on it?

Mr. CONKLING. "S." I presume, if it is "S," it must be Mr. Shea. He is assigned to the Chicago duplex circuit.

Mr. WHIPPLE. In natural course, you would not send that?

Mr. CONKLING. No, sir; I would not, because no Chicago business is handled on our wire. Our wire goes through Chicago, but no business is sent there on our wire.

Mr. WHIPPLE. Take H-4—will you read that carefully, if you please, if you have not done so heretofore, and state whether you ever saw that telegram before.

Mr. CONKLING. I do not have to read it, sir. I recognize it instantly as the message that Mr. Ellis addressed to Mr. Mulcahy and all, addressed "Mul." That is an abbreviation of Mulcahy, the mem-

ber of the firm on the coast, and I transmitted it, meaning that Mr. Mulcahy and all points on the coast circuit should take cognizance of what I was about to transmit.

Mr. WHIPPLE. Do you remember the event?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. Do you remember the telegram itself?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. Remember the paper?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And remember the action of transmitting it?

Mr. CONKLING. Certainly.

Mr. WHIPPLE. And besides that, you see it checked up by your initial?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. What is there that enables you to remember so clearly the sending of it out?

Mr. CONKLING. Merely the next morning we saw in the paper the State Department's document, which of course, after reading it, instantly my mind was recalled to this particular telegram.

Mr. WHIPPLE. Why?

Mr. CONKLING. Well, I particularly congratulated the house on being able to advise its clients in the West to commence to sell some of their stocks before they got in trouble.

Mr. WHIPPLE. Did you not congratulate them on being able to send to all of their clients such a complete statement of the purpose of the message which the President put out?

Mr. CONKLING. Well, you misunderstood me. I did not congratulate the firm, but what I meant to say was it was a subject for congratulation.

Mr. WHIPPLE. Yes; I did not understand that you extended your congratulation. It was a sort of mental congratulation?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And an expression of pride on your part that you firm, as early as that in the day before the President's note was published, were able to send to their subscribers such an accurate forecast of the substance of the note and the object for which it was being sent?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And that is why you remember the sending of the telegram so clearly?

Mr. CONKLING. Yes; but I still do not believe that E. F. Hutton & Co. knew beforehand, or rather ahead of any other concern here in Wall Street, about this peace note proposition. They got it probably late in comparison with a lot of other houses in the Street.

Mr. WHIPPLE. I think that the committee will be very much interested in that speculation, but unfortunately, so far, while there were rumors going about, no one had so exactly and precisely defined the scope of the note, its substance and the purpose, and especially not in such statesmanlike language. So that perhaps your firm is to be still more congratulated than you were at the time.

Mr. CONKLING. I believe so. We are certainly not at fault.

Mr. WHIPPLE. Certainly nobody else got any such wonderful statement of the scope and effect of the President's note so far as the

committee has been able to ascertain within my own information. Unless there are some questions, that is all.

The CHAIRMAN. You are excused for the present.

Mr. GARRETT. I would like to ask one question.

The CHAIRMAN. Very well.

Mr. GARRETT. In this examination we have to proceed to a certain degree upon rumor, and I was very forcibly impressed by a statement you made just before the conclusion of your testimony, and that is this: That you still do not believe Hutton & Co. had advance information; that is, information in advance of other firms in the city. May I ask if you had any particular reasons for that belief?

Mr. CONKLING. Yes, sir.

Mr. GARRETT. What was your belief?

Mr. CONKLING. The fact that the market, immediately after opening, showed signs of a decline, great activity and great big turnovers in many stocks, always at lower prices, and the activity kept getting greater and greater in volume up to noontime. Then that created inquiries, naturally, from all sources: What is the cause of all this? If you were the owner of 200 or 300 shares of stock and it was declining, you would naturally get a little nervous and ask questions, "I wonder what is the cause of this?" And you would try to find out, and that would indicate to me, as a man who has had experience in Wall Street for nearly 20 years, handling orders, looking at the tape, and one thing and another, that somebody knew something. We did not know anything; that is, E. F. Hutton & Co. did not know anything at that time. The only time that we were able to know the cause of all this great activity and decline in prices that morning came out at about half past 1.

Mr. GARRETT. Do you remember what that was?

Mr. CONKLING. This here [indicating telegram].

Mr. GARRETT. That is the telegram that is supposed to have been sent from Washington?

Mr. CONKLING. No; this is Exhibit H-2. That was the first one.

Mr. GARRETT. That was the first information you had?

Mr. CONKLING. Yes; the first information I had.

Mr. GARRETT. Do I understand, then, that your only reason for this belief of there being advance information were the deductions which you made from the condition of the market and based upon your experience?

Mr. CONKLING. Yes, sir.

Mr. GARRETT. You have not since heard, have you, of any firm of stock brokers or operators who did in fact have such advance information?

Mr. CONKLING. No, sir; I have not.

Mr. GARRETT. Have you kept up with the hearings before this committee pretty closely since the beginning—that is, in the newspapers?

Mr. CONKLING. Well, I did up to about three days ago and yesterday. I have been home sick with the grippe for four days, and this is my first morning down. I read the testimony in yesterday's papers.

Mr. GARRETT. I suppose you have not read the actual hearings held before the committee?

Mr. CONKLING. Not all.

Mr. GARRETT. They have not been available?

Mr. CONKLING. Not all.

Mr. GARRETT. You have no information that you could give us more definite than that which we have already obtained which would enable this committee to find out about that advance information?

Mr. CONKLING. No, sir; I have not. I could not name any particular person or firm, but I honestly believe, of course, that nearly every firm in Wall Street, which was wide awake and had a wire system, would necessarily have to get hold of this information at about the same time in order to make it effective for their clients.

Mr. GARRETT. I suppose the speech of Von Bethmann-Hollweg and Lloyd George had an effect upon the market?

Mr. CONKLING. Yes.

Mr. GARRETT. And do you concur in the sentiment that has been voiced before the committee by substantially all brokers and operators who have appeared before the committee that aside from all of these rumors with reference to the matter of peace or war the market had, in fact, reached a condition which of itself portended a decline—do you concur in that?

Mr. CONKLING. Yes, I do; and to which I would add that any little statement emanating from Washington or Berlin or London which had any bearing on the question of peace or a continuation of hostilities would naturally have a pressure upon the price of stocks, either to cause them to decline or to cause them to advance.

Mr. GARRETT. The condition of the market itself was nervous and there was a nervous tendency?

Mr. CONKLING. Yes, sir.

Mr. GARRETT. Values had reached, roughly speaking, an apex?

Mr. CONKLING. Yes, sir.

Mr. GARRETT. And in the natural order of things a decline was in order?

Mr. CONKLING. Certainly.

Mr. GARRETT. Now, may I inquire whether your house has any foreign wire, a wire to any foreign country, a special cable wire, or anything of that sort?

Mr. CONKLING. No, sir.

Mr. GARRETT. All information that you receive from foreign countries comes by the regular cable, I suppose?

Mr. CONKLING. Yes; if they receive any at all; but I would not know anything about that, of course.

Mr. GARRETT. It was your opinion on the morning of the 20th, deduced from your observations of the conditions of the market, as shown by the ticker, that something had occurred in addition to the von Bethmann-Hollweg speech and the Lloyd-George speech on the 18th, to further effect the market; is that correct?

Mr. CONKLING. Yes, sir.

Mr. GARRETT. You did not attribute all of the market conditions on the 20th to those two events?

Mr. CONKLING. No.

Mr. GARRETT. But it is your opinion that there had been something else in addition?

Mr. CONKLING. That there was something about to come out that somebody knew about and was taking advantage of it.

Mr. GARRETT. And that conclusion of yours was based upon a study of market conditions in the light of your experience of 20 years?

Mr. CONKLING. Yes, sir.

The CHAIRMAN. You say you knew, sitting at your desk, that something was happening in the market to bring it down?

Mr. CONKLING. No; I beg your pardon; I did not say I knew something was happening. I said, or I meant to say, that I deduced that something was about to happen.

The CHAIRMAN. That is all right. That is to say, you are sure your firm had no advance information of these matters that any other firm did not have? You said that?

Mr. CONKLING. I honestly believe so.

The CHAIRMAN. Well now, let us see how that works. Suppose some one on the 18th or 19th of December had put an analysis of this peace note of the President in the hands of a member of your firm, on the 18th or 19th of December, say; had either done it by special-delivery letter, by telephone, by telegraph, or by special messenger, and that the member of your firm had communicated this information to Mr. Baruch and a number of brokers, could not they have used that information and produced the effect on the market that you have outlined?

Mr. CONKLING. Certainly. It could have been done, but why were not our customers, why were not our clients and subscribers notified at the same time?

The CHAIRMAN. Mr. Hutton testified that he made a lot of money, and you knew that?

Mr. CONKLING. No.

The CHAIRMAN. Mr. Hutton testified that he made \$20,000.

Mr. CONKLING. I do not blame him.

The CHAIRMAN. If he had had that information and had communicated it to Mr. Baruch and a number of other operators they could have made a lot of money, could they not?

Mr. CONKLING. Yes, sir.

The CHAIRMAN. But you say you do not know whether they had that information or not?

Mr. CONKLING. No.

The CHAIRMAN. You were sitting at your desk?

Mr. CONKLING. Yes, sir; and I do not know.

The CHAIRMAN. It is just a question of belief and loyalty to your firm that makes you say that?

Mr. CONKLING. Yes, sir. I believe that if the firm of E. F. Hutton & Co., or Mr. Ellis, or Mr. Edward F. Hutton had any advance information the day before, or at any time prior to the time that these messages were transmitted, that they would have gotten word to their partner on the Pacific coast and word to all of their clients at intermediate points, notifying them of this particular information that they had received and advising their clients to be careful and get out of the market; also ask for more margins, and so forth.

The CHAIRMAN. You realize that your firm is under fire for having received earlier information than any other brokerage firm in New York, do you not?

Mr. CONKLING. It appears so, but it is not justified.

The CHAIRMAN. Well, that is your opinion about it. But you realize that just at this time this whole investigation is centering on

that proposition, as to whether your firm did not get this information in some way either on the 18th or 19th or 20th of December ahead of all other brokerage firms in New York, but you do not know whether they did or not, do you?

Mr. CONKLING. I do not know whether they did or not, that is true; I only say I do not believe they did.

The CHAIRMAN. Do you think that if Mr. Hutton had received a private communication on the 19th of December—a confidential communication about this peace note,—that he would have brought it and shown it to you or told you something about it?

Mr. CONKLING. No, sir.

The CHAIRMAN. He would not have shown that to you?

Mr. CONKLING. No; I am just merely an employee.

The CHAIRMAN. It would not be your business, then, to be in conference with Mr. Hutton or any other member of the firm about any private communication of that sort, if it had been received?

Mr. CONKLING. No, sir.

Mr. CAMPBELL. And if he had a special delivery letter containing an abstract or condensation of the President's note, marked confidential or personal, he would not have sent it out to the Pacific coast and sent it over the wire? He would not have violated that confidence?

Mr. CONKLING. I do not presume that he would, but at the same time he has a partner on the Pacific coast and we have other interests through many customers.

Mr. CAMPBELL. I know, but if this had come as a private and confidential bit of information for Mr. Hutton or Mr. Ellis it would not have gone out over the wire, would it, until the information had become general, as is stated here in one of these telegrams? The telegram to Clement is "Our Washington wire gave us similar," and so forth.

Mr. CONKLING. Yes, sir.

Mr. CAMPBELL. He would not have sent that out until the country generally had the rumor?

Mr. CONKLING. Well, if I were Mr. Ellis or if I were Mr. Hutton——

Mr. CAMPBELL (interposing). But generally they do not send out matter that comes to them as confidential over the wires, do they?

Mr. CONKLING. Not that I know of.

Mr. CAMPBELL. This came as confidential. It says "we are confidentially informed."

Mr. CONKLING. Yes. That, of course—that word "confidential" means that E. F. Hutton & Co. will not impart that information to our competitors in the same line of business; that is what that means. That is my impression of it.

Mr. CAMPBELL. That is your interpretation of it?

Mr. CONKLING. Yes, sir; and if a member of the firm receives any confidential information it is confidential only to this extent, that he uses that to advise his clients what to do in the market. It is not considered confidential only for that particular purpose, namely, that it is not to go to your own competitors.

Mr. CAMPBELL. Then it is not confidential; it is published all over the Pacific coast and all over the South. If it comes to Hutton & Co. marked confidential it goes over their wires throughout the country, and they have next to the largest system of private wires of any stock brokerage firm in New York?

Mr. CONKLING. I do not say that, sir.

Mr. CAMPBELL. I think it is in evidence before us that they have.

Mr. CONKLING. Well, they have next to the largest wire system in the country, but as to the confidential proposition I did not make any such remark as that, that they disseminate confidential information throughout the country over their wire system. I was just explaining what I considered as confidential information and the way it is used in Wall Street.

Mr. CAMPBELL. After all we are now discussing your opinion upon the subject rather than any information you have with regard to what was done in this particular instance.

Mr. CONKLING. Yes, sir.

Mr. GARRETT. That is the usual interpretation given in the office, is it not? It is not unusual for you to send out messages saying you have received confidential information, is it?

Mr. CONKLING. Oh, no, certainly not; that is a common expression here in Wall Street, and I have worked for many, many houses.

Mr. GARRETT. That is the interpretation which is usually applied to it, namely, that it is confidential in the sense that it is not intended to go out, as you expressed it a few moments ago, to a competitor?

Mr. CONKLING. That is right.

Mr. GARRETT. But that it is perfectly legitimate to give it out to the houses that are connected with the house that is sending it out?

Mr. CONKLING. That is it exactly.

Mr. GARRETT. That is the common interpretation of that word "confidential"?

Mr. CONKLING. Yes, sir.

Mr. GARRETT. Let me ask you this question: If Mr. Hutton had had positive personal information that this note of the President was to come, \$20,000 would have been a modest amount to have made?

Mr. CONKLING. I should think he would have been foolish if he did not make about \$2,000,000.

Mr. GARRETT. Any man who had capital enough to operate on the significance of that proposition would have hit the market very heavily?

Mr. CONKLING. Yes, sir.

Mr. GARRETT. For instance, judging from the activities of Mr. Bernard Baruch, acting upon his own judgment and making a half million dollars in three or four days, if he had had positive and actual knowledge of this peace note there would not have been money enough in the city of New York to have paid him off the night of the 20th, would there?

Mr. CONKLING. You are right, absolutely.

The CHAIRMAN. I want to get a little further interpretation of that word "confidential," because I am getting new light on it. As I understand it, when you get confidential information it is like a race-horse tip; you go and give it to other fellows so that they may bet on it; is that the idea?

Mr. CONKLING. If you are directly concerned and you get confidential information, you naturally want to impart it to your clients

who are interested in those particular securities upon which you have this confidential information.

The CHAIRMAN. I understand. So if you get a confidential telegram it would be all right to keep the confidence, but go and lay the telegram on a table where your customers could read it?

Mr. CONKLING. No, no.

The CHAIRMAN. That would impart the information, would it not?

Mr. CONKLING. It is very easy for a man to get what he considers confidential information, and then he can go tell his customers orally or by telegraph that he has received word that such and such is about to transpire, and he advises them to do this and do that.

The CHAIRMAN. You keep the confidence but tell your customers everything about it?

Mr. CONKLING. Yes, sir, if you want to; that is up to the broker, whatever he wants to do.

Mr. WHIPPLE. You said it was your belief that your people had no advance information. You did not know about Exhibit H-1 until I showed it to you, did you?

Mr. CONKLING. No, sir; I did not.

Mr. WHIPPLE. Now, that gives information about a statement coming out.

Mr. CONKLING. Yes.

Mr. WHIPPLE. And you say you did not know about that?

Mr. CONKLING. Yes.

Mr. WHIPPLE. You see what time that was received?

Mr. CONKLING. It was received 12.48, and that went out at 12.57 [indicating]. That is not very much difference. If this was the advance information ahead of this here [indicating] it is only the difference between 12.57 and 12.48.

Mr. WHIPPLE. That is it. Now, let me call your attention to the fact that your firm says that they did at some time receive from Washington over their private wire a telegram giving all the information that appeared in this important one that you remember. You observed that, did you not?

Mr. CONKLING. Yes, sir; but I did not——

Mr. WHIPPLE (interposing). Yes, pardon me, of course you did not. You know they claim to have received it. Now, if they had that telegram here with a stamp on it showing when it was received, then, you see, we would have known when they got this important information.

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. You observe that, do you not?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. Now, the fact that they have not got that important dispatch here with the stamp on it——

Mr. CONKLING (interposing). Yes, sir.

Mr. WHIPPLE. They can not show the copy of it or when it was sent, you see.

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And the fact that your own office says, the people who have received it, that they never received any such telegram—you see, you follow me?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. You see, that points to their not having received it as they say they did, over the wire, but having received it in some other way. That is obvious, is it not?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. And therefore we are left to speculate when they did receive it?

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. I was only stating that because you gave such an intelligent interpretation and such a loyal statement for your employers. But this telegram which they say they received their employees say they did not receive, in spite of the fact that Mr. Connolly said he sent it. Now, that is why we are asking for their letter files and that is why we are asking whether in some other way that extremely important information got out earlier, and you can not help the committee out on that, can you?

Mr. CONKLING. No; I can not.

Mr. WHIPPLE. Therefore we have got to pursue that inquiry somewhere else.

Mr. CONKLING. Of course, a broker is very busy and receives many telegrams pertaining to the payment of money and bookkeeping telegrams and so forth and can not preserve everything.

Mr. WHIPPLE. Of course, he can not preserve everything.

Mr. CONKLING. He throws them in the wastebasket.

Mr. WHIPPLE. But, you see, the difficulty of it is that both of the men through whom it may have come say that they never received it.

Mr. CONKLING. Yes, sir.

Mr. WHIPPLE. That is all.

The CHAIRMAN. You are excused. Who is your next witness, Mr. Whipple?

Mr. WHIPPLE. Mr. Shea.

Mr. CAMPBELL. Is he the last man?

Mr. WHIPPLE. No; there is Mr. Maltby and then Mr. MacMillan is here. You know, he was referred to yesterday in connection with the Plaza matter.

TESTIMONY OF MR. CHRISTOPHER A. SHEA.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name.

Mr. SHEA. Christopher A. Shea.

Mr. WHIPPLE. Christopher A. Shea?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. You reside in New York?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. You are a telegrapher by occupation?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. And have been for many years?

Mr. SHEA. Several; 20.

Mr. WHIPPLE. Twenty years or so?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Employed by Messrs. Hutton & Co.?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. For how many years?

Mr. SHEA. Since last August.

Mr. WHIPPLE. What were your particular duties in December last in the Hutton office?

Mr. SHEA. Telegraphing.

Mr. WHIPPLE. Nobody can hear you. You have got to raise your voice.

Mr. SHEA. Telegraphing.

Mr. WHIPPLE. What particular assignment in the office?

Mr. SHEA. Any wire at all.

Mr. WHIPPLE. What?

Mr. SHEA. Any wire; none especially.

Mr. WHIPPLE. You mean you were a sort of spare man?

Mr. SHEA. Not a spare man; a filler in.

Mr. WHIPPLE. A filler in?

Mr. SHEA. Yes; I worked anywhere.

Mr. WHIPPLE. And you had not received any permanent and definite assignment?

Mr. SHEA. No, sir.

Mr. WHIPPLE. Can you remember what wire you were working on, if any, on the 20th of December?

Mr. SHEA. That is impossible.

Mr. WHIPPLE. I will ask you to look at this paper, Exhibit H-3, and see if there is any symbol on it indicating that you had to do with that message.

Mr. SHEA. I did not receive it, but I sent it to Chicago.

Mr. WHIPPLE. Well, that is the copy of the paper sent, then, is it not?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Then that would help you to know which wire you were working on?

Mr. SHEA. Yes; the Chicago wire.

Mr. WHIPPLE. You were working on the Chicago wire sending?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Because there is a symbol there indicating that you sent that telegram?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. At what time is it dated?

Mr. SHEA. It is dated at 1.15 p. m.

Mr. WHIPPLE. That shows that you were working on that wire at that time?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Have you any regular hours for luncheon, or had you at that time?

Mr. SHEA. No; but at 11 o'clock I go out usually.

Mr. WHIPPLE. For how long?

Mr. SHEA. Fifteen or 20 minutes.

Mr. WHIPPLE. And you have no reason to believe that that was not——

Mr. SHEA (interposing). No; I remember sending it.

Mr. WHIPPLE. You do remember sending it?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Do you remember the circumstances of who handed it to you?

Mr. SHEA. No; I do not.

Mr. WHIPPLE. How do you happen to remember it?

Mr. SHEA. Because it is confronted to me. It is put before me.

Mr. WHIPPLE. If your symbol had not been put there, would you have remembered it?

Mr. SHEA. Possibly I would have, on account of the wording.

Mr. WHIPPLE. What is there particular about the wording or the subject matter that makes you remember it?

Mr. SHEA. I can not explain that. You can remember a thing if it is put before you, and you can not remember a thing if it is not put before you.

Mr. WHIPPLE. If it has been a transmission of a statement saying, "Your order for 100 shares of Atchison is filled at so and so," you would not have remembered it?

Mr. SHEA. No; because there are lots of orders for Atchison filed every day.

Mr. WHIPPLE. That is it, but it is on account of the unusual character of it that you remember it?

Mr. SHEA. No, it is just what it is; that I remember it.

Mr. WHIPPLE. But how do you remember—

Mr. SHEA (interposing). You might show me a painting and say "Did you ever see that before" and I might shut my eyes and say "No" or "Yes; I saw that painting."

Mr. WHIPPLE. You remember sending it and that fixes in your memory that you were sending on the Chicago wire?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Now, let me show you Exhibit H-1. Did you ever see that before?

Mr. SHEA. I rather think I did.

Mr. WHIPPLE. What makes you think so?

Mr. SHEA. Oh, just because it is put before me, the same as anything else, and it is about the same time.

Mr. WHIPPLE. Do you see any symbol on it indicating that you did?

Mr. SHEA. No; I do not see any.

Mr. WHIPPLE. Therefore, your statement in regard to that is an act of memory?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. On account of its substance?

Mr. SHEA. Yes; and it is about the same time and appertaining to the same subject matter.

Mr. WHIPPLE. I am referring to the Clement-Barrett confidential telegram. You think you took that?

Mr. SHEA. I have an idea I saw it. I do not know whether I took it or whether I sent it.

Mr. WHIPPLE. Well, you could not have sent it if you were receiving in New York from Chicago.

Mr. SHEA. Well, I mean I received it.

Mr. WHIPPLE. But you saw it?

Mr. SHEA. I think I saw it.

Mr. WHIPPLE. Then if you did see it, very likely it was exhibited to you by somebody in the office?

Mr. SHEA. Well, not especially.

Mr. WHIPPLE. Not especially?

Mr. SHEA. You see, there are lots of things that you can hear coming over you or passing by you.

Mr. WHIPPLE. Then if you carry in your mind the impression of having seen it or having heard it, that means that it was something that made an impression upon your memory at the time?

Mr. SHEA. No, it is the peculiar condition in telegraphing. You can remember things and you do not know how.

Mr. WHIPPLE. Well, it is enough to say that you do remember it?

Mr. SHEA. Well, I did not say I do remember it; that is, how I remember it, but possibly it is rather vague.

Mr. WHIPPLE. Now, the stock flash, Exhibit H-2; what about that?

Mr. SHEA. I did not see that.

Mr. WHIPPLE. You did not see that?

Mr. SHEA. 12.57. I do not remember seeing that.

Mr. WHIPPLE. And that is not your symbol on it?

Mr. SHEA. No.

Mr. WHIPPLE. Now, will you take Exhibit H-4? Will you look at that? That is the long and somewhat important one and the last of the four sent.

Mr. SHEA. I do not remember that.

Mr. WHIPPLE. Do you see any symbol on it indicating that you sent it?

Mr. SHEA. No.

Mr. WHIPPLE. What?

Mr. SHEA. No.

Mr. WHIPPLE. Whose symbols are there on it?

Mr. SHEA. There is a letter C on there?

Mr. WHIPPLE. That would stand for Mr. Conkling?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Mr. Conkling testified that he remembers it and sent it.

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. But you had no memory of having sent this before I handed it to you?

Mr. SHEA. I am quite sure I never saw it before.

Mr. WHIPPLE. Now, tell me if you have any memory of having received any such message on the Washington line or on the southern line on December 20?

Mr. SHEA. I have no recollection of it; no, sir.

Mr. WHIPPLE. Did you help on the southern line or the Washington line at all in December?

Mr. SHEA. I am on the Washington wire a great deal, relieving Mr. Becker there a few minutes at a time.

Mr. WHIPPLE. That is what I want to ask you. Do you remember at any time of any such message as this Exhibit H-4 coming in over the Washington line?

Mr. SHEA. Which one is that?

Mr. WHIPPLE. The one I showed you is a message that is sent out, and the idea is, or the claim is, that a message came in over the Washington wire on which this outgoing message was based. Do you remember any such thing?

Mr. SHEA. Why, I could not tell unless I saw it.

Mr. WHIPPLE. Now, I want to ask you that because you do have a memory with regard to the others and I want you to state to the committee whether you have any memory of having received on the Washington wire or on the southern line a message reading practi-

cally exactly like this, except the first part of it. That is, it would read: "We inform you confidentially"—now, beginning to quote—"that a highly important message to all belligerents and neutrals has been issued from Washington, interpreted not as pressure on belligerents in behalf of peace but as an opportunity to put American demands on record to be considered if there is peace and a warning that neutral rights must not be further encroached upon. Full text to be given out to-night and will be looked upon as move of great moment."

Do you remember receiving a telegram reading like that?

Mr. SHEA. I can not specifically remember that; no.

Mr. WHIPPLE. I mean on December 20, or at any time.

Mr. SHEA. I am on that Washington wire a great deal. I was there while Becker was sick three days last week.

Mr. WHIPPLE. Now, I am talking about December 20.

Mr. SHEA. No; I do not remember.

Mr. WHIPPLE. You do not remember any such thing?

Mr. SHEA. I can not remember specifically any such thing. It is almost impossible to remember those things.

Mr. WHIPPLE. Well, you see you have a remarkable memory about the other.

Mr. SHEA. That was because I remembered it.

Mr. WHIPPLE. Yes; a remarkable memory about the other three. You said what no other witness had said, that you remembered one of them, because you had seen it, and you remembered you did not send flash reports over your wire, and you are the first man who said that he remembered the substance of the Barrett telegram.

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Now, I am asking you about the other one, and you do not seem to have any memory about it.

Mr. SHEA. That is because it was a negative condition, and this is a positive condition.

Mr. WHIPPLE. I asked you whether you remembered receiving any such message as that Exhibit H-4.

Mr. SHEA. No.

Mr. WHIPPLE. Have you any specific memory of receiving a message couched in language like that and of that supreme national importance, or world importance?

Mr. SHEA. I have no memory of receiving it now.

Mr. WHIPPLE. Yes; that is all right. No memory now of having received it?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. That is what you mean?

Mr. SHEA. We are handling those all day long.

Mr. WHIPPLE. Well, you do not handle proclamations like that every day, of world interest?

Mr. SHEA. No; but there are all kinds of flashes going over the wire pertaining to the stock market, every 15 or 20 minutes.

Mr. WHIPPLE. Were you present at the conversation between Mr. Hutton and Mr. Becker this morning?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. Did you overhear it?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. And do you know that you have reproduced in this last answer, perhaps in a little fainter way, exactly what Mr. Hutton said to Mr. Becker this morning?

Mr. SHEA. No, sir; I did not know that.

Mr. WHIPPLE. You did not know that?

Mr. SHEA. No, sir.

Mr. WHIPPLE. Did not Mr. Hutton impress upon Mr. Becker this morning that in the multitude of things going over the wire, no operator could remember or could say whether one thing went over it or not?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. That is substantially what you have said with regard not to the first three but with regard to the last one. Is not that true?

Mr. SHEA. I said so, yes, sir.

Mr. WHIPPLE. You have practically stated that in your testimony. When we got to the last one you reflected substantially what your employer said this morning to another employee?

Mr. SHEA. Not because he said it.

Mr. WHIPPLE. Well, perhaps not because, but because your minds thought alike.

Mr. SHEA. Anybody else's mind might think alike.

Mr. WHIPPLE. Well, Mr. Becker's mind unfortunately, did not, and one or two other straightforward gentlemen who come from your office, too. They say they would have remembered a message of that importance and they remembered that it did not come. So those minds did not work like yours and Mr. Hutton's.

Mr. SHEA. All minds do not run in the same channel.

Mr. WHIPPLE. I thought you said that everybody's minds could work like yours and Mr. Hutton's.

Mr. SHEA. But where there is a multiplicity of things——

Mr. WHIPPLE (interposing). But Mr. Becker, with more multiplicity than you have, and Mr. Hummel, who was here awhile ago, with just as much multiplicity as you have, with steady employment in a steady position, both of their minds worked in such a way that they could state that no such message came over the wire, while they were there. That is right?

Mr. SHEA. Yes, sir.

Mr. WHIPPLE. They had just as much multiplicity to deal with as you? What is it? Speak, please.

Mr. SHEA. I do not understand the drift.

Mr. WHIPPLE. Well, it is not necessary to understand the drift.

Mr. SHEA. Well, the point, then.

Mr. WHIPPLE. It is not necessary to understand the point.

Mr. SHEA. Well, what it is, then?

Mr. WHIPPLE. The question is whether you had any memory of having received over the southern wire or the Washington wire that message or the one substantially that I have quoted?

Mr. SHEA. At this moment, I have no memory of it.

Mr. WHIPPLE. Have you had any memory of it at any moment to-day?

Mr. SHEA. I have not thought about it; no.

Mr. WHIPPLE. Have you had any memory of it at any moment within the last month?

Mr. SHEA. No.

Mr. WHIPPLE. Well, that is the question. That is the point of it, and that is the drift of it.

The CHAIRMAN. Is that all?

Mr. WHIPPLE. Yes, sir.

The CHAIRMAN. The chair would like to ask several questions. Before coming over to this committee you had talked with Mr. Hutton and with Mr. Becker, had you?

Mr. SHEA. No, sir; I had not.

The CHAIRMAN. You had heard them talking?

Mr. SHEA. Yes, sir.

The CHAIRMAN. Now, did you discuss with anybody before coming here the possibility of your memory being searched in regard to receiving a message from Washington on December 20?

Mr. SHEA. No, sir.

The CHAIRMAN. You did not discuss it?

Mr. SHEA. I talked about handling the message. I did not say I received it. I knew I handled that message.

The CHAIRMAN. You knew you handled that message?

Mr. SHEA. That message; yes, sir.

The CHAIRMAN. You say you handled that message?

Mr. SHEA. Yes, sir.

The CHAIRMAN. The one on December 20?

Mr. SHEA. That one right there, with my letter on it.

The CHAIRMAN. Which one is that? Is that it [indicating]?

Mr. SHEA. No; it is the one with the letter S on it.

The CHAIRMAN. Let me see it. Let us get that straight. Oh, yes, the message to Clement, the message to Chicago.

Mr. SHEA. Yes, sir.

The CHAIRMAN. Oh, that is not the message I am speaking about. Now, you understand that your firm is under fire on this lost telegram proposition?

Mr. SHEA. Yes, sir.

The CHAIRMAN. And Mr. Becker testified that he received no such telegram on December 20th.

Mr. SHEA. Yes, sir.

The CHAIRMAN. Every other operator who had come here had given the same testimony.

Mr. SHEA. Yes, sir.

The CHAIRMAN. Now, you remember very positively about these other telegrams. You say this is a negative proposition about the lost telegram?

Mr. SHEA. Yes, sir.

The CHAIRMAN. Your regular work was not on the Washington wire, was it?

Mr. SHEA. Not as Mr. Becker is, but I relieved there, though.

The CHAIRMAN. How often do you relieve there?

Mr. SHEA. As often as occasion may require.

The CHAIRMAN. Well, I understand that.

Mr. SHEA. Sometimes, if he wants to go out or go to lunch, I relieve him.

The CHAIRMAN. Are you the only one who has relieved him?

Mr. SHEA. I believe I am the only one who had relieved him recently.

The CHAIRMAN. All I want to do is to get at the facts as far as you remember them. I am not trying to criticize you at all, but this committee must find out the truth of this matter. Now, do you not

think, with all reasonable persons, that it would be a remarkable proposition that you could remember these other telegrams distinctly, and yet when switched from your regular work to this extra work and a telegram came from the National Capital about a world-wide peace movement, that you could not remember distinctly and answer this committee specifically about that telegram?

Mr. SHEA. Why, it would seem so, but we were flashing all kind of peace telegrams at that time that were emanating from the Dow Jones service. They were in the air. We were getting them at all times.

The CHAIRMAN. Now, you will not say that you received that telegram, will you?

Mr. SHEA. I will not say that I received it. I will not say that I did not receive it. I may have handled it.

The CHAIRMAN. I know you handled it, and, of course, you could not have sent it; you could not have been in Chicago. I am asking you about the Washington telegram on December 20.

Mr. SHEA. Oh, yes.

The CHAIRMAN. You say that you handled that?

Mr. SHEA. I can not say that I handled that.

The CHAIRMAN. Do you know of anything that will revive your memory so as to make you say it hereafter? The committee wants to get some definite expression from you as to that.

Mr. SHEA. Unless it is the presentation of the telegram before me, and then I might recognize it.

The CHAIRMAN. Of course, if you will produce the telegram and there is a mark on it to show that you handled it, of course then we will know that you did handle it. Do you know of any way of producing that telegram?

Mr. SHEA. No; I did not have anything to do with the filing of those things.

The CHAIRMAN. The committee wants to be fair and just to you. It seems to be plain to you now that it is apparent to the committee that you came over here with the intention of trying to create a little confusion about whether Mr. Becker handled this or whether you might have possibly handled it.

Mr. SHEA. Not at all. I know that I handled a message pertaining to peace.

The CHAIRMAN. You handled the message from Chicago?

Mr. SHEA. Yes, sir.

The CHAIRMAN. Do you want to make this committee believe, in view of the fact that your firm is under fire, that you are helping them to find a way to escape from the proposition that a telegram from Washington about a great international peace movement is lost?

Mr. SHEA. I am trying to tell you the exact truth.

The CHAIRMAN. But you are not telling us anything.

Mr. SHEA. I will tell you positively that I did send that message.

The CHAIRMAN. Which message?

Mr. SHEA. The one that has my initial on it.

The CHAIRMAN. Of course, that is admitted, and that is the Chicago message, but about the Washington telegram?

Mr. SHEA. I can not say now that I received that message; no, sir.

The CHAIRMAN. What do you really want the committee to believe about that?

Mr. SHEA. I can not tell them what to believe or what not. I am willing to help them in any way I can.

The CHAIRMAN. You want to give us some impression, and it is perfectly manifest now that you are the only one of these telegraph operators in that firm that has come here to try to confuse the committee after Mr. Becker says that he has no recollection of receiving such a telegram, and all we want, without imputing your sincerity, is to know what you would like the committee to believe.

Mr. SHEA. I am not trying to confuse you. I am trying to tell you all I know. Take an example. Look up the life of Edison, written by Dyer, in the library here, and you will see that at Louisville when he was a telegraph operator there and received the announcement of the assassination of President Lincoln, he did it so mechanically that he did not know what he had taken over the wire until it was posted on the bulletin board outside.

The CHAIRMAN. I understand that those lapses occur, but there is no lapse about these other telegrams, and you have said that you remember the substance independent of the initial on there.

Mr. SHEA. There are lots of things that make you remember.

The CHAIRMAN. I understand that, but if you can remember the substance of the telegram, you could remember the substance of the telegram in another form, could you not?

Mr. SHEA. I might and I might not. You are putting me to an extreme test. It is very perplexing.

The CHAIRMAN. That is exactly what I am trying to do, but here is the telegram that is lost and you have testified that you do remember the substance of one coming from Chicago which was identical with the substance of the one coming from Washington, and yet you can remember nothing about it?

Mr. SHEA. Nothing about which?

The CHAIRMAN. The Washington telegram.

Mr. SHEA. I can not; no.

The CHAIRMAN. And yet it would have come from the Capital. The air was full of rumors, and you were on unusual work. You had quit your regular work and had gone over to relieve another man, if you did relieve him, and yet you can remember no more about it than that?

Mr. SHEA. That is all.

The CHAIRMAN. The chair would like to ask you, if you have any memory at all about relieving Mr. Becker at any time on December 20.

Mr. SHEA. At the present moment I have no recollection of having relieved him on that specific day.

The CHAIRMAN. If he says that you did not relieve him and that he did not leave his desk that day he tells the truth, does he not?

Mr. SHEA. I suppose he does, but if a man works all day—he might want to answer a call of nature and go away for 5 minutes.

The CHAIRMAN. I understand, but he answered that no one relieved him that day. He answered it positively. He is a truthful man, is he not?

Mr. SHEA. I believe Mr. Becker to be a truthful man.

The CHAIRMAN. And if he said that, that is the truth, isn't it?

Mr. SHEA. In so far as he can recollect; yes, sir.

The CHAIRMAN. That is all the questions I wish to ask.

Mr. CAMPBELL. In any event, Mr. Shea, you were on the Chicago wire at 1.15?

Mr. SHEA. At 1.15; yes, sir.

Mr. CAMPBELL. Do you remember how long you stayed on that?

Mr. SHEA. I could not remember now. I am off and on, first on San Francisco and then on Washington, and I am on a pony wire and on the receiving side.

Mr. CAMPBELL. Now, this telegram that you sent, you say stands out distinctly in your mind. You sent that at 1.15. Do you remember receiving about the same time a telegram of larger import from the National Capital?

Mr. SHEA. I do not remember it; no, sir.

Mr. CAMPBELL. You would remember it if you had received it, would you not?

Mr. SHEA. I do not know. We do things mechanically.

Mr. CAMPBELL. But you did not do this mechanically?

Mr. SHEA. I know; but you asked me to see such and such a painting——

Mr. CAMPBELL (interposing). But you do not remember this telegram because of the substance?

Mr. SHEA. The substance was flying in the air all the time.

Mr. CAMPBELL. That is, the same substance, only more of it?

Mr. SHEA. The same substance, but there is detail. There is the actual thing presented to you. Just follow your senses; that is all.

Mr. CAMPBELL. Did you ever hear Mr. Hutton criticise one of his operators for anything that he had ever done before in his office until this morning?

Mr. SHEA. No.

Mr. CAMPBELL. Then it was the first time you had ever heard him criticise an operator for anything that he had done?

Mr. SHEA. To the best of my recollection, this is the first time.

Mr. CAMPBELL. That is all.

The CHAIRMAN. You may stand aside.

Mr. WHIPPLE. Will the committee hear Mr. Maltby next, if he is here?

The CHAIRMAN. Yes.

TESTIMONY OF MORRIS W. MALTBY.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, please.

Mr. MALTBY. Morris W. Maltby.

Mr. WHIPPLE. Where do you reside?

Mr. MALTBY. In the Hotel Albert.

Mr. WHIPPLE. What is your occupation?

Mr. MALTBY. I do some telegraphing, and I am supposed to take care of the messages and business and reports that are to be sent out on the wires; see that they take their ordinary course, and as promptly as possible; put each one of them in the order in which they should go.

Mr. WHIPPLE. At the Hutton house?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Here in New York?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. How long have you held that position?

Mr. MALTBY. About a year.

Mr. WHIPPLE. What is its relation to Mr. Toomey—the position that you occupy?

Mr. MALTBY. Our relations have never been——

Mr. WHIPPLE (interposing). Defined?

Mr. MALTBY. No, sir; never been defined.

Mr. WHIPPLE. Is he your superior?

Mr. MALTBY. Well, he was, and he is frequently my superior—I guess he is supposed to be my superior.

Mr. WHIPPLE. Either he is your superior or you are his?

Mr. MALTBY. If I want him to do anything I ask him to do it, and if he wants me to do anything he asks me to do it.

Mr. WHIPPLE. You work along amicably and amiably together?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Let me ask if you are entrusted with the sending out of the so-called flashes?

Mr. MALTBY. I could.

Mr. WHIPPLE. Do you?

Mr. MALTBY. Not very often.

Mr. WHIPPLE. I see. There he is a little your superior?

Mr. MALTBY. Yes.

Mr. WHIPPLE. Does he work the instruments—does he operate the wire?

Mr. MALTBY. I never saw him work a wire.

Mr. WHIPPLE. But you do to some extent?

Mr. MALTBY. Yes.

Mr. WHIPPLE. Very much?

Mr. MALTBY. Considerable, yes. If we are short a man or so, I always work a wire.

Mr. WHIPPLE. And did you spell the operators when they go to lunch or did they spell each other?

Mr. MALTBY. Lately I have spelled them since business has been dull.

Mr. WHIPPLE. Did you in December?

Mr. MALTBY. I have right along to a certain extent.

Mr. WHIPPLE. But did you very much in December?

Mr. MALTBY. Not a great deal, but I did some. December was a very busy month, as I remember it.

Mr. WHIPPLE. When you have a busy month, you have about all you can do in performing your own duties, don't you?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. So you say you did not much in December?

Mr. MALTBY. Not a great deal.

Mr. WHIPPLE. Were you present when Mr. Hutton talked to Mr. Becker this morning?

Mr. MALTBY. I was in the room; yes, sir.

Mr. WHIPPLE. Did you join in the conversation?

Mr. MALTBY. No. I did not even hear what he said. I was quite a little distance from him.

Mr. WHIPPLE. You did not hear him?

Mr. MALTBY. No. I was in the room and I heard him talking with Mr. Becker, but I did not hear what he said.

Mr. WHIPPLE. Did you talk with Mr. Becker?

Mr. MALTBY. No, sir.

Mr. WHIPPLE. Did you not discuss with him at all what he had testified to, or mention it to him?

Mr. MALTBY. This morning?

Mr. WHIPPLE. Yes; at any time before you came over here.

Mr. MALTBY. No; I do not think I said anything to him about his testimony.

Mr. WHIPPLE. I wish you would be quite sure on that.

Mr. MALTBY. Only to this extent——

Mr. WHIPPLE (interposing). First, did you talk with him about it?

Mr. MALTBY. I talked with him about what I read in the papers this morning; yes.

Mr. WHIPPLE. Was your talk before or after Mr. Hutton talked to him?

Mr. MALTBY. It was before.

Mr. WHIPPLE. Who heard you talking with him?

Mr. MALTBY. Why, Mr. Shea might have heard me.

Mr. WHIPPLE. Are you his superior?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. And also Mr. Becker's?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. And do you have the hiring or discharging of them?

Mr. MALTBY. No, sir.

Mr. WHIPPLE. But they work under you?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. So you think Mr. Shea may have been or was present when you talked with Mr. Becker?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Was that what Mr. Shea was speaking to you about after he left the stand and before you got on the stand?

Mr. MALTBY. No, sir; it had nothing to do with this investigation at all.

Mr. WHIPPLE. Who else was within earshot when you talked to Mr. Becker in Mr. Shea's presence?

Mr. MALTBY. I am not absolutely sure that even Mr. Shea was present, but Mr. Shea would naturally be very close to where Mr. Becker was standing.

Mr. WHIPPLE. Where were the rest of the operators?

Mr. MALTBY. This was before the market had opened.

Mr. WHIPPLE. How much before?

Mr. MALTBY. Oh, it was probably 20 minutes or 15 minutes.

Mr. WHIPPLE. And how long was it before Mr. Hutton talked to him that you talked to him?

Mr. MALTBY. I would say it was 10 minutes.

Mr. WHIPPLE. Then, did Mr. Hutton talk to him before the market opened?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. For some 10 minutes, or at least 10 minutes before?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Did you tell Mr. Hutton what your conversation had been?

Mr. MALTBY. No, sir.

Mr. WHIPPLE. Did you speak to him about it?

Mr. MALTBY. No, sir; my conversation with Mr. Becker on this was only in a joking way. I was looking at the headlines in the paper at the time.

Mr. WHIPPLE. And you did not say anything serious to him?

Mr. MALTBY. No, sir; no serious conversation of any kind.

Mr. WHIPPLE. Just joking?

Mr. MALTBY. Yes.

Mr. WHIPPLE. As to the position it put him in?

Mr. MALTBY. As something I saw in the headlines of different papers.

Mr. WHIPPLE. So you did not participate in the serious talk as to his testimony and the possibility of his having testified correctly in the way that he did testify?

Mr. MALTBY. No, sir.

Mr. WHIPPLE. Now, you heard Mr. Shea testify?

Mr. MALTBY. Yes, sir; I heard a great deal of it. I could not hear it all.

Mr. WHIPPLE. And you heard him and noted the different way in which he dealt with this last telegram from that in which he talked about the other three?

Mr. MALTBY. I did not hear it all, and I could not see from where I was.

Mr. WHIPPLE. Well, I will not press you further about that. Now, I will ask you, Mr. Maltby, to examine Exhibit H-1 and state whether or not you ever saw that before.

Mr. MALTBY. I do not think I ever saw it; I am pretty sure I never saw that before.

Mr. WHIPPLE. Would not that naturally, as it came into the office, come under your direction or observation?

Mr. MALTBY. No.

Mr. WHIPPLE. Why not?

Mr. MALTBY. My work principally is seeing that things that go out are placed in their regular order. It was quite possible for me to have seen that, but I do not think I did.

Mr. WHIPPLE. It would have been possible for you to see it merely accidentally, or hearing it come on the wire?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. But it would not come in the ordinary course under your observation, because your work has to do with sending out things rather than receiving?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. What do you say about Exhibit H-2, the flash?

Mr. MALTBY. Yes; I saw that, but that is not—

Mr. WHIPPLE (interposing). What is the first you saw of that?

Mr. MALTBY. That is not the one that I saw first. It has the same wording.

Mr. WHIPPLE. Now, Mr. Maltby, that is quite an important statement, because the committee thought until someone had raised a doubt, heretofore, that we had all the copies of telegrams that went out. We were advised that we did not have all that came in, but it was said that we surely had copies of all that went out dealing with this subject matter.

Mr. MALTBY. Will you let me explain to you a little bit what I mean about this?

Mr. WHIPPLE. Surely. I think the committee will like to hear what you have to say.

Mr. MALTBY. This flash was originally written partly with a typewriter and partly with a lead pencil by Mr. Toomey, and then sent and then copied over again; and I think I wrote that "C" on there on account of Mr. Conkling having sent it and having both hands full at the time. It looks like my "C," and this was to be sent particularly on the western wire by the looks of it.

Mr. WHIPPLE. And was it not to be sent on the southern wire?

Mr. MALTBY. It should have been, yes; but there probably was another copy that went on the southern wire.

Mr. WHIPPLE. Where is that copy?

Mr. MALTBY. It should be in the business somewhere.

Mr. WHIPPLE. May we ask you to look for it? We have asked another gentleman, but you are his superior, and I think the committee would like to have copies of every telegram on this subject matter on this date.

Mr. MALTBY. I will try and find it. Is the business of December 20 still up in the office?

Mr. WHIPPLE. I think so.

Mr. MALTBY. I mean, what the committee has not got.

Mr. WHIPPLE. Look at Exhibit H-3. If you will peruse that, and then state whether you have seen it before or not.

Mr. MALTBY. Yes, sir; I saw that.

Mr. WHIPPLE. Under what circumstances did you see that?

Mr. MALTBY. I could not be positively, but that would naturally be handed to me to send to Clement & Co.

Mr. WHIPPLE. By whom?

Mr. MALTBY. By whoever was working on the wire.

Mr. WHIPPLE. No; it would not be handed to you by the person who was working on the wire.

Mr. MALTBY. You mean who would hand it to me?

Mr. WHIPPLE. Yes.

Mr. MALTBY. Probably a boy.

Mr. WHIPPLE. From Mr. Ellis?

Mr. MALTBY. Probably from Mr. Ellis; yes, sir. That is Mr. Ellis' writing.

Mr. WHIPPLE. And do you remember of seeing it?

Mr. MALTBY. Yes, sir; I do remember of seeing it.

Mr. WHIPPLE. How can you remember that so long back?

Mr. MALTBY. Well, because I knew from some conversation that came up over this message.

Mr. WHIPPLE. Is there any symbol on that that indicates it went through your hands?

Mr. MALTBY. No, sir; there would not be.

Mr. WHIPPLE. And still, on account of the subject matter and a conversation which you had with somebody——

Mr. MALTBY (interposing). Now, you misunderstood me there. Not any conversation I had with anybody over the message, but wire messages that brought forth this message from Mr. Ellis?

Mr. WHIPPLE. Yes; that is it. Now, the wire message that brought that forth from Ellis is the one you say you never saw before, and that is Exhibit 1, don't you see?

Mr. MALTBY. No; that is not so.

Mr. WHIPPLE. Look at that—Clement to Barrett.

Mr. MALTBY. Yes; but that is——

Mr. WHIPPLE (interposing). Wait a minute. You see the message that brought this forth is Clement to Barrett and is as follows:

“I hear that State Department will issue statement to-day regarding economic conditions European war as affecting neutrals intended to promote peace prospects.”

And then the reply is: “Our Washington wire gave us similar message to yours; others have same information and we put it out, as it is more or less generally known.” Don't you see that this is the message that brought forth the reply?

Mr. MALTBY. Yes, sir. But just a moment. You are putting me wrong there. This message is not the one that brought forth this message—not at all.

Mr. WHIPPLE. That is, the message that was sent making the inquiry is not the one that brought forth the reply?

Mr. MALTBY. Not directly.

Mr. WHIPPLE. Well, I always thought that if you sent a message asking for a reply that the message was the thing that brought back the reply.

Mr. MALTBY. But let me tell you this: This message I never saw [indicating], but what I did see was a message from Clement to Mr. Ellis saying, in substance, “I object to your taking anything that you might construe from my confidential message and sending it out as a stock flash,” and that is what brought forth this message.

The CHAIRMAN. That is another lost one, is it?

Mr. WHIPPLE. Yes; and I think it is one that has been referred to. Now, you have told us about a second message from Clement to Ellis, that is, the first was from Clement to Barrett, which you never saw, but you saw one a little later from Clement to Ellis.

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Is not that right?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. I think you have given us quite important aid. Here is a telegram, Exhibit H-1, from Clement to Barrett, marked confidential:

I hear that State Department will issue statement to-day regarding economic conditions European war, as affecting neutrals. Intended to promote peace prospects.

Evidently after that, then, there came back this message, which is missing, from Clement addresed, you think, to Ellis?

Mr. MALTBY. It was either Ellis or Hutton; I won't be sure.

Mr. WHIPPLE. In which he said, in substance, “I object to your sending out a flash based on my confidential message to Barrett or yourself”?

Mr. MALTBY. That was the substance of it.

Mr. WHIPPLE. And that was the second one?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. And then following that was this Exhibit H-3 to Clement:

Our Washington wire gave us similar message to yours. Others have same information, and we put it out, as it is more or less generally known. Your message was marked confidential, and we treated it so.

Mr. MALTBY. Yes.

Mr. WHIPPLE. That is the first help we have had in construing that message; I mean, in determining what the second message was and what Mr. Ellis replied. Where is that message, Clement to Ellis?

Mr. MALTBY. Those messages that come in addressed to members of the firm are given to them by boys, and what becomes of them is a matter of luck. They might be lying on the desk or they might be put in the basket.

Mr. WHIPPLE. This one was probably directed to Mr. Ellis?

Mr. MALTBY. I do not know. If he signed it "E. F. H." it might have been addressed to Mr. Hutton.

Mr. WHIPPLE. Now, then, we come to the fourth telegram. Will you look at that and see if you have seen it before? First, have you seen that paper before?

Mr. MALTBY. Yes, sir; I saw this paper.

Mr. WHIPPLE. State the circumstances under which you first saw it.

Mr. MALTBY. Well, of course, it does not make any difference whether it is absolutely the way it happened or not; but I probably got that message and had it sent to McKinnon first on the Chicago wire, and then shifted it over and put it on the overland wire and on the southern wire.

Mr. WHIPPLE. Have you a memory of it?

Mr. MALTBY. I have a memory of the message, yes.

Mr. WHIPPLE. As you see it, can you visualize it as it was handed to you?

Mr. MALTBY. I do not understand you.

Mr. WHIPPLE. I mean, can you recognize it as a paper that was handed to you?

Mr. MALTBY. I could identify it, yes, sir.

Mr. WHIPPLE. That was an unusual message, was it not?

Mr. MALTBY. Yes, sir; I think it was.

Mr. WHIPPLE. Did you recognize its unusual and extraordinary import at the time?

Mr. MALTBY. Personally I did recognize that if it was true it was important, but I do not think that I believed that it was so.

Mr. WHIPPLE. Well, just look at the front of it, "we are confidentially informed."

Mr. MALTBY. But that happens a great many times.

Mr. WHIPPLE. That is, your firm is in the habit of putting out an impressive message giving confidential information which is not true?

Mr. MALTBY. No, sir; I did not mean that.

Mr. WHIPPLE. Tell us what you did mean.

Mr. MALTBY. I mean that information that is given out confidentially in a great many cases is not believed; it is just taken as somebody's guess.

Mr. WHIPPLE. You will notice that the word they struck out was "reliably" before the word "informed"?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Then you mean to say that when you took it you were fully conscious of its importance, if it were true?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. It was in that category, important, tremendously important, if true?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. But you were a little skeptical about it?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Did you ask the sender about it, whether it was the real stuff or not?

Mr. MALTBY. No, sir.

Mr. WHIPPLE. But as it passed under your eye you recognized its tremendous importance if it were actually true?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. What did you do with it—but you have described that?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. There are only two initials on that?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. The southern operator's initials do not appear, do they?

Mr. MALTBY. Hummel is on the southern wire.

Mr. WHIPPLE. And that went over all of your wires?

Mr. MALTBY. Yes; on the south wire and on the overland wire, and it must have gone on the Chicago wire, although I do not see any sign there to show who sent it.

Mr. WHIPPLE. You say you do not see the incoming messages?

Mr. MALTBY. I do not; no.

Mr. WHIPPLE. I will ask you whether you saw any message in your office that day from the Washington office stating, in substance, what is stated there, beginning with "I am confidentially informed" or "I inform you confidentially, that a highly important message," and so forth?

Mr. MALTBY. No, sir; I did not see any such message, or at least I do not remember seeing it.

Mr. WHIPPLE. You say you regarded the one you were sending as unimportant because you did not believe it, but if you had seen a message from your Washington house saying "we are confidentially informed" of those important facts it would have impressed you, would it not?

Mr. MALTBY. Not a great deal; I would not have believed that any more than I did this.

Mr. WHIPPLE. That is, if it came right from your Washington house, giving confidential information of an important event that was to occur you would have taken it as a joke or approaching that?

Mr. MALTBY. Well, coming from one broker to another, I would not have taken a great deal of stock in it.

Mr. WHIPPLE. I see. But you noticed the language in which it is couched?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Rather remarkable and unusual, is it not?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. What?

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. Did you not notice at the time that the language was remarkable and unusual and not the language of one stock broker to another?

Mr. MALTBY. Well, I never thought of it as deeply as that. I read the message and it made an impression, but I did not take any stock in it, so that I did not think much about it.

Mr. WHIPPLE. But you can see it now?

Mr. MALTBY. Oh, yes.

Mr. WHIPPLE. The language of a trained and skilled mind in summarizing what you now know was the President's peace note. That is clear enough to you now?

Mr. MALTBY. Yes. Naturally. In fact, I did not read the peace note in full.

Mr. WHIPPLE. But as you handled it at the time you thought it was one of the "important if trues."

Mr. MALTBY. Yes, sir.

Mr. WHIPPLE. But you remember receiving a message in your office from Washington?

Mr. MALTBY. No. I never saw any message that this could be based on.

The CHAIRMAN. Is this all?

Mr. WHIPPLE. Yes, sir.

The CHAIRMAN. You can stand aside. You are excused.

Mr. WHIPPLE. Mr. MacMillan is here, and his testimony is very short.

TESTIMONY OF MR. DONALD MacMILLAN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name, Mr. MacMillan?

Mr. MACMILLAN. Donald MacMillan.

Mr. WHIPPLE. Where do you reside?

Mr. MACMILLAN. Chicago.

Mr. WHIPPLE. Your business or occupation?

Mr. MACMILLAN. Oh, I am a modest trader in stocks and commodities.

Mr. WHIPPLE. A little louder, please.

Mr. MACMILLAN. A modest trader in stocks and commodities.

Mr. WHIPPLE. Have you an office in Chicago?

Mr. MACMILLAN. No, sir.

Mr. WHIPPLE. On the 20th of December where were you?

Mr. MACMILLAN. Well, I was in New York City.

Mr. WHIPPLE. Where were you staying?

Mr. MACMILLAN. At the Plaza Hotel.

Mr. WHIPPLE. Had you for a few days been following the stock market there?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. And as a trader, and, as you modestly put it, a modest trader, you had been following it for some time?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Had you in mind the probable effect of a peace note by the President upon the market prices?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. What was your opinion as to its effect upon market prices?

Mr. MACMILLAN. I thought it was bearish.

Mr. WHIPPLE. You thought it would be bearish?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. That is, it would serve to depress prices?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Are you familiar with the Hutton house or branch at the Plaza?

Mr. MACMILLAN. Yes, sir. I was not a customer and never have been a customer of E. F. Hutton & Co., but for reasons of convenience, on disagreeable days, I would use their offices and give up other firms on the trades I might place through them.

Mr. WHIPPLE. Now, will you tell us whether you heard anything there at that office that morning in regard to peace prospects?

Mr. MACMILLAN. I do not recall having heard of anything there.

Mr. WHIPPLE. It appears that you sent a message at about 12.20 to Chicago, through Logan & Bryan's private office?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Is that the message or a copy of the message [indicating]?

Mr. MACMILLAN. Yes, that is the message.

Mr. WHIPPLE. That, I think, was offered somewhat hurriedly, and I will now read it into the record, if it has not already been. It reads:

Cleave. Chicago. MacMillan says President has called a conference in Washington early next week of most important newspaper men in the country for the purpose of promulgating peace propaganda.

That is all there is to it, is it not?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Now, where had you heard such a statement as that? What was the source of your information?

Mr. MACMILLAN. Oh, during that time rumors were flying thick and fast. You heard many many things from many people. I was in many many offices during the day, and I am not certain where I heard it. I do not recall having been in Hutton's office that day at the Plaza, nor any other down-town office either. I have an impression, but could not state positively by any means, that I heard it in Payne, Weber & Co.'s office from some men sitting around a ticker in the private office.

Mr. WHIPPLE. At what time?

Mr. MACMILLAN. I would only venture to guess at the time. Well, I do not know. It was between the opening of the market and the time I sent that telegram.

Mr. WHIPPLE. Between 10 o'clock when the market opened and 12.20 when you sent the message?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. And this was sent out at 12.20?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Did you take any other measures to find out the truth of what you had heard stated there?

Mr. MACMILLAN. I spoke to Mr. Sterling, to have it checked up.

Mr. WHIPPLE. Did you go to his office to do it?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Therefore it must have been some little time before 12.20 that you heard of this rumor?

Mr. MACMILLAN. Well, I do not know what you mean by some little time.

Mr. WHIPPLE. Well, 15 or 20 minutes or a half hour.

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. You remember the gentlemen who spoke of it?

Mr. MACMILLAN. Well, I could not recall their names, but I recall one man as being a newspaper man

Mr. WHIPPLE. Who was he?

Mr. MACMILLAN. I do not recall his name, but I think he is with the Brooklyn Eagle, and in an advertising capacity—I met him in an advertising way.

Mr. WHIPPLE. Was he in Payne & Weber's office?

Mr. MACMILLAN. I am under the impression that he was.

Mr. WHIPPLE. I wish you would think of his name.

Mr. MACMILLAN. I can not recall his name, but I could get it for you later.

Mr. WHIPPLE. Will you submit it to the committee later?

Mr. MACMILLAN. Gladly.

Mr. WHIPPLE. He is a gentleman you know and have talked with about advertising?

Mr. MACMILLAN. Oh, I know him but slightly.

Mr. WHIPPLE. He is connected with the Brooklyn Eagle?

Mr. MACMILLAN. So I understand.

Mr. WHIPPLE. Was it Mr. Block?

Mr. MACMILLAN. I would not know the name.

Mr. WHIPPLE. You mean you do not know his name, but you can identify the person and find out?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. You will let us know as to that?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Was that the first definite information on which you based this telegram, or copy of telegram, which has been put in the record?

Mr. MACMILLAN. Well, the logic of events was such that in my judgment it appealed to me.

Mr. WHIPPLE. In other words, the market was on the *qui vive*, a state of expectancy for just something exactly like that?

Mr. MACMILLAN. In my judgment.

Mr. WHIPPLE. That is, a peace movement by the President?

Mr. MACMILLAN. In my judgment, it was.

Mr. WHIPPLE. And, therefore, you were in an inquiring mood, and you found this newspaper gentleman who gave you in substance the rumor that you asked about?

Mr. MACMILLAN. I would not say that he gave it to me in substance, or that he gave it to me at all, but there were some newspaper men, evidently friends of his, gathered about the ticker talking, and I overheard that gossip. I do not state that the Brooklyn Eagle man made the statement. Who the other gentlemen were, I do not know, other than that I have the impression that they were newspaper men.

Mr. WHIPPLE. And in Payne & Weber's office?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. About between half past 11 and 12 o'clock?

Mr. MACMILLAN. Well, somewhere thereabout.

Mr. WHIPPLE. In that vicinity?

Mr. MACMILLAN. Yes, sir.

Mr. WHIPPLE. Did any of them say where they got it from?

Mr. MACMILLAN. No; they did not.

Mr. WHIPPLE. That is all.

Mr. GARRETT. Mr. MacMillan, who signed this telegram?

Mr. MACMILLAN. I wrote this out. It was unsigned.

Mr. GARRETT. It was sent unsigned?

Mr. MACMILLAN. Yes, sir.

Mr. GARRETT. Have you been much about Washington?

Mr. MACMILLAN. Not of recent years. I have been there; yes, but not recently.

Mr. GARRETT. This telegram reads:

MacMillan says: President has called a conference in Washington early next week of most important newspaper men in the country for the purpose of promulgating peace propaganda.

What did that mean?

Mr. MACMILLAN. Well, it meant to me that it was getting the country's mind in a proper frame to receive something such as did come out.

Mr. GARRETT. Did you understand from the intimation that came to you that the President had called a meeting of the newspaper men in order to urge them, through their respective journals, to discuss, advocate, and propagate the idea of peace?

Mr. MACMILLAN. Yes, sir.

Mr. GARRETT. That is the way we are to interpret this language here?

Mr. MACMILLAN. Yes, sir.

Mr. GARRETT. You did not mean that a meeting of the newspaper men had been called by the President with a view of stating to them that he had issued certain papers in regard to peace?

Mr. MACMILLAN. No, sir.

Mr. GARRETT. In other words, you understood that the meeting of the newspaper men was called by the President, and you did not understand that that necessarily meant newspaper correspondents, did you? You thought it meant newspaper editors or—what was your information about that?

Mr. MACMILLAN. Well, I had to use my own judgment as to that. I thought it meant men important in the newspaper world and disseminating news.

Mr. GARRETT. And it was to be merely the beginning of an educational move?

Mr. MACMILLAN. Yes, sir.

Mr. GARRETT. That was the way you interpreted it?

Mr. MACMILLAN. Yes, sir.

Mr. GARRETT. It had absolutely no reference to official acts of the administration itself?

Mr. MACMILLAN. I understood it that way.

Mr. GARRETT. Well, as a matter of fact, that did not happen, did it?

Mr. MACMILLAN. I do not know whether it happened or not.

Mr. GARRETT. Did you take enough interest in it to follow it and ascertain?

Mr. MACMILLAN. I did not. I do not know whether the men actually went there at that time or not.

Mr. GARRETT. How came you to send this telegram?

Mr. MACMILLAN. Why, can't I send a telegram?

Mr. GARRETT. Well, you can. You evidently did. God knows I do not object to it. But what I am asking you is, how came you to send it?

Mr. MACMILLAN. How came I to send it?

Mr. GARRETT. Yes.

Mr. MACMILLAN. Because to me it had a faint semblance of truth in it.

Mr. GARRETT. What effect did you expect it would have?

Mr. MACMILLAN. I hoped it would have a bearish effect.

Mr. GARRETT. On the stock market?

Mr. MACMILLAN. Yes, sir.

Mr. GARRETT. That was the purpose in your mind?

Mr. MACMILLAN. Yes, sir.

Mr. GARRETT. Did it have that effect, to your knowledge.

Mr. MACMILLAN. Well, the market broke. I do not know what caused it to break.

Mr. GARRETT. Well, I am asking you seriously, Mr. MacMillan. Do you think it had an influence upon the market that day?

Mr. MACMILLAN. I am wholly at a loss to know what effect that particular message had, because I do not know what the recipient of the message did.

Mr. GARRETT. Did you get any reply to it?

Mr. MACMILLAN. I do not recall whether I got any reply to it.

Mr. GARRETT. That is all.

Mr. WHIPPLE. I should like to have this copy of the telegram which I got from Mr. Sterling marked as an exhibit.

(The telegram referred to is marked "Exhibit MacMillan No. 1.")

(Thereupon, at 2 o'clock p. m., the committee adjourned to meet to-morrow morning at 10 o'clock in Washington D. C.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,

AND

H. RES. 429

APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 3, 1917

PART 16

WASHINGTON
GOVERNMENT PRINTING OFFICE

1917

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGER- ENT POWERS.

COMMITTEE ON RULES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 3, 1917.

The committee met at 10.50 o'clock a. m., Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order. Mr. Whipple, are you ready to proceed?

Mr. WHIPPLE. Yes, sir.

The CHAIRMAN. Who is your first witness?

Mr. WHIPPLE. Mr. Price.

The CHAIRMAN. Mr. Price, come forward.

TESTIMONY OF WILLIAM W. PRICE.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Price will you state your full name?

Mr. PRICE. William W. Price.

Mr. WHIPPLE. Where do you reside?

Mr. PRICE. In Maryland; just over the line here, in Maryland.

Mr. WHIPPLE. What is your occupation or business?

Mr. PRICE. Newspaper reporter.

Mr. WHIPPLE. And in what connection?

Mr. PRICE. I am the representative of the Washington Star at the White House, where I have been stationed for 20 years.

Mr. WHIPPLE. That is, you have been continuously at the White House?

Mr. PRICE. I have been continuously at the White House for 20 years next month. I went there in 1897.

Mr. WHIPPLE. What have been your duties during that time at the White House?

Mr. PRICE. Writing what occurred there, talking with public men, and at times seeing the President and the secretary, and the usual duties that go along with the newspaper business.

Mr. WHIPPLE. In general, was this the ascertaining of all news at the White House?

Mr. PRICE. Yes; at the White House.

Mr. WHIPPLE. And transmitting it to your paper?

Mr. PRICE. Yes, sir; to the Washington Star. And I overlooked to say that during that time I frequently had the Treasury Department or the Department of Justice for the Star; that is, I handled that as well as I could in connection with the Star work.

Mr. WHIPPLE. How long has that been a part of your duties?

Mr. PRICE. Well, it was part of my duties until Mr. Wilson came in, and then, because of the possibility of many things happening, the Star relieved me of the Treasury and Department of Justice in substitution for others, until a week or so ago, I believe it was Monday, they notified me that the regular man would be assigned to other duties and they wished me to return to my duties in the Department of Justice.

Mr. WHIPPLE. And were your duties as to gathering news there practically the same as at the White House?

Mr. PRICE. Yes, sir; just general matters. I gather all the news there may be there.

Mr. WHIPPLE. Perhaps this is a matter of common knowledge, but I will ask you for the record, if it is a fact that at times the newspaper reporters who are intended to care for the news of the White House are called in by the President or some official authorized by him, or by the head of a department, to receive a statement of news?

Mr. PRICE. Yes; they are. Mr. Tumulty will sometimes say to us, or President Wilson—well, I have never known him to do that, but Secretary Tumulty has often said, "I will have a statement for you at such and such a time."

Mr. WHIPPLE. And sometimes the heads of departments?

Mr. PRICE. Yes, sir; sometimes the heads of departments will say that.

Mr. WHIPPLE. And it has been your duty thus closely to follow what was happening at the White House?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. And send the news out?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. You have not been with any other newspaper?

Mr. PRICE. No, sir; I have not. There was a time when I had some others, but the Star finally felt that it did not wish its men to be connected with outside newspapers and that they would rather have their own men.

Mr. WHIPPLE. What have been your relations with people at the White House during the last three or four years?

Mr. PRICE. Well, I hope they have been all right. I probably would not have been retained there by my paper had they not been both pleasant and confidential. That is, if I had violated any confidence there at any time to their knowledge or to anybody else's knowledge they would unquestionably have asked my paper to withdraw me from the White House, and I have not had any such charge as that made.

Mr. WHIPPLE. Have your relations been what you would call close and confidential?

Mr. PRICE. Some few administrations have been much closer than others, and sometimes the relations have been closer with the President and sometimes with his Secretary some of the time, because naturally a newspaper man who could not be on the best of terms with the President will find someone else that he would like to feel was a friend and close to him.

Mr. WHIPPLE. Now, do you carry in mind that on the 20th of December last Mr. Secretary Lansing stated to a lot of newspaper reporters that some information would be given out in the afternoon?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. At 5 o'clock?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. How did you learn of what Mr. Lansing said?

Mr. PRICE. The first knowledge I had of it was—oh, I do not remember the time, but some time within 20 minutes or half an hour after he had told the newspaper men. They came over to the White House—now, I say “they,” but I do not recall them all—and told us that Mr. Lansing was to have a statement in the afternoon; that it was a very important statement, and, as I remember, one of them remarked that he was withholding the statement until after the market closed. That is as I recall it. I am not sure positively, but that is the indistinct recollection, but I rather think that he said—either he said that Mr. Lansing said it or he said it on his own hook. He said Mr. Lansing was withholding it until after the market closed.

Mr. WHIPPLE. You were not at the State Department when the announcement was made?

Mr. PRICE. No, sir; I was not at the State Department when the announcement was made. I did not know of Mr. Lansing's talk. I have never been to one of his conferences at all—I would like to make that clear—I had never been to one of his conferences until the other afternoon when I thought something might come, at 3.30, I think it was, and my paper asked me to go.

Mr. WHIPPLE. You were at the White House?

Mr. PRICE. Yes; I was at the White House, in the newspaper room.

Mr. WHIPPLE. Now, will you tell us who it was who first spoke to you of what the Secretary had said?

Mr. PRICE. I do not recall who it was, but it occurred to me that it may have been two or three of the boys. The newspaper boys drop in on me quite often——

Mr. WHIPPLE (interposing). Just a minute. Could you tell me the name of any of them?

Mr. PRICE. I think Mr. Fox, of the Sun, was one of the first who mentioned it to me. You see, I have an indistinct recollection, because I did not know this was coming up.

Mr. WHIPPLE. What was it that Mr. Fox said?

Mr. PRICE. Mr. Fox said that the State Department would issue a statement dealing with economic conditions in Europe as affecting the neutrals. That is the statement he made to me.

Mr. WHIPPLE. At 5 o'clock?

Mr. PRICE. Sir?

Mr. WHIPPLE. At what time?

Mr. PRICE. I did not pay any attention to the time, but he said there was a statement to be made later in the day, and I did not give it serious attention because it is not my duty to cover Mr. Lansing. In other words, and I want to make it very plain, it is not my duty to cover what occurred there because we have a man from our paper assigned to the State Department, and it is no part of my duty to pay any attention to or write anything about what he says unless it is something connected up with the White House.

Mr. WHIPPLE. Who is that man?

Mr. PRICE. Mr. Clark. He has been there for a number of years.

Mr. WHIPPLE. What is his first name?

Mr. PRICE. Albert or Alfred Clark. Alfred, I believe it is.

Mr. WHIPPLE. Did he mention it to you at all?

Mr. PRICE. No, sir; he did not mention it to me at all.

Mr. WHIPPLE. He only represented your paper?

Mr. PRICE. Yes, sir. I only mention this to show that I have no official duty in regard to Mr. Lansing there.

Mr. WHIPPLE. What time was it that Mr. Fox talked with you?

Mr. PRICE. I am a little indistinct, but somewhere close to 12 o'clock, maybe a quarter to 12, which I understood was maybe half an hour or so after Mr. Lansing had said this.

Mr. WHIPPLE. Now, did you do anything about informing your paper regarding it?

Mr. PRICE. I do not recall that I did. I may have asked them if they had it, because it was not my duty to inform my paper about it.

Mr. WHIPPLE. Now, did you give any information to anyone else about it?

Mr. PRICE. Did I give any? Yes, sir. In that connection I will make a little explanation if you will permit me.

Mr. WHIPPLE. Well, let us get first——

Mr. PRICE (interposing). You mean to any newspaper man?

Mr. WHIPPLE. Well, in the first place, did you send a telegram regarding it?

Mr. PRICE. Yes; I did send two telegrams.

Mr. WHIPPLE. Will you tell me to whom you sent them?

Mr. PRICE. One to Findley, Barrel & Co., of Chicago.

Mr. WHIPPLE. What is their business?

Mr. PRICE. They are brokers, I understand.

Mr. WHIPPLE. Brokers in Chicago?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. What time did you send the telegrams?

Mr. PRICE. That is a guess also. I probably gave it to my boy, probably a quarter to 12 or 10 minutes to 12, or something of that sort.

Mr. WHIPPLE. That must have been immediately upon your learning of the announcement.

Mr. PRICE. Almost immediately upon learning of the announcement.

Mr. WHIPPLE. And to whom else?

Mr. PRICE. And also to Frederick C. Aldrich, of 209 South La Salle Street, in Chicago.

Mr. WHIPPLE. 209 South La Salle Street, Chicago?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Who is Mr. Aldrich?

Mr. PRICE. Now, will you permit me to say that was all? Mr. Aldrich is a brother of Frank Aldrich, who was a Member of the House from Illinois for a great many years, a very sweet fellow whom I knew. Mr. Frederick Aldrich I have known for a very long time. He was once associated with Findley, Barrel & Co., of Chicago. In that connection he came to me, maybe a year and a half ago, and asked me to occasionally post him up if anything was going on. As I say, he was then with Finley, Barrel & Co.

Mr. WHIPPLE. That is, with stock brokers in Chicago?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Finley, Barrel & Co.?

Mr. PRICE. Yes, sir. He asked me about a year and a half ago, probably, maybe——

Mr. WHIPPLE (interposing). Just pardon me a moment.

The CHAIRMAN. Mr. Price, just answer the questions as they are asked.

Mr. WHIPPLE. I think we will get it a little more precisely if you will answer the questions first, and then I am sure the committee will give you every opportunity for explanation.

Mr. PRICE. All right, sir.

Mr. WHIPPLE. Now, you say that when Mr. Aldrich was with Finley, Barrel & Co., in Chicago——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). He asked you to post him on things that were happening?

Mr. PRICE. Largely to give him my opinions of things that might take place or that I felt was going to happen.

Mr. WHIPPLE. Did he say for what purpose?

Mr. PRICE. He did not; but I assume, of course, he was using it for stock purposes.

Mr. WHIPPLE. For stock purposes?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Was he a member of the firm?

Mr. PRICE. I do not know. All I know is that he was a personal friend of mine and that was all.

Mr. WHIPPLE. Was there any arrangement as to compensation?

Mr. PRICE. Yes. Well——

Mr. WHIPPLE (interposing). Pardon me. Was there any arrangement as to compensation?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. How much was he to pay?

Mr. PRICE. Mr. Aldrich told me he would assure me at least \$25 a month, a very large sum at that.

Mr. WHIPPLE. \$25 a month?

Mr. PRICE. \$25 a month, which he has consistently sent me at intervals.

Mr. WHIPPLE. How long?

Mr. PRICE. Well, I say consistently; but he has been doing it until he left the firm. After he left the firm he was away from them for some time.

Mr. WHIPPLE. Has he been sending you that amount for some time?

Mr. PRICE. Well, he dropped it for some time, and after he left Mr. Barrel he asked me to continue the same relation at the same figure.

Mr. WHIPPLE. So that after the arrangement with Mr. Aldrich was made, he paid you the \$25 for a little while?

Mr. PRICE. You mean Mr. Barrel did?

Mr. WHIPPLE. Oh, I thought Mr. Aldrich paid it as long as he was there?

Mr. PRICE. No; as long as he was there, Mr. Aldrich sent it to me, not the firm.

Mr. WHIPPLE. And when he left the Barrel firm, Mr. Barrel continued to pay you?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Up until what time?

Mr. PRICE. Up to the 1st of January, when Mr. Barrel wrote me that he had discontinued his business and, I think, had sold to some one else.

Mr. WHIPPLE. Have you with you your correspondence with Mr. Aldrich and the firm of Finley, Barrel & Co.?

Mr. PRICE. Did I do what?

Mr. WHIPPLE. Have you the correspondence with you?

Mr. PRICE. No, sir; I very seldom kept anything——

Mr. WHIPPLE (interposing). Well, I want to get at it. Have you any correspondence that passed between you and Aldrich or between you and the firm of Finley & Barrel?

Mr. PRICE. No, sir.

Mr. WHIPPLE. That has all been destroyed?

Mr. PRICE. I do not remember it. It was torn up and put in the waste basket.

Mr. WHIPPLE. I say it is all destroyed?

Mr. PRICE. Nothing has been destroyed since this came up, because there has not been anything——

Mr. WHIPPLE (interposing). And you continued with Finley & Barrel up to a year and a half, up until about the 1st of January?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. At the same time Mr. Aldrich left Finley & Barrel?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. When was that?

Mr. PRICE. I do not recall.

Mr. WHIPPLE. Well, about when?

Mr. PRICE. Well, sir, I would have to guess entirely, and it may be a year ago. It is indefinite in my mind.

Mr. WHIPPLE. How long was it before he made a new relation for the same service?

Mr. PRICE. Along in—probably last summer, May or June, Mr. Aldrich wrote me asking me if I would not renew the relations with him; that he would be glad if I would do so.

Mr. WHIPPLE. And did you assent?

Mr. PRICE. Yes; I did.

Mr. WHIPPLE. Then, you thereafter did the same service for him?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. At the same price?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Did he give you the address?

Mr. PRICE. He gave me 209 South La Salle Street.

Mr. WHIPPLE. Well, he wrote you on the heading of the broker's office?

Mr. PRICE. He wrote me on the broker's heading, Clement, Curtis & Co., Chicago, but I do not think he told me what the relations were. I thought he was in business on his own hook and was using their stationery.

Mr. CHIPERFIELD. 209 South La Salle Street is just about the Board of Trade Building, is it not?

Mr. PRICE. Well, that is the place where he wrote me from.

Mr. CHIPERFIELD. I am not quite sure, but I think it is the Board of Trade Building.

Mr. WHIPPLE. Now, when did you begin rendering service to Mr. Aldrich in this new relation?

Mr. PRICE. I think it was last May or June.

Mr. WHIPPLE. Are you still in his employ?

Mr. PRICE. Well, I would not like to say "in his employ," because he simply said, "Now, I will assure you this much, and if I should have any good luck at any time in any way I will send you more."

Mr. WHIPPLE. Good luck in what?

Mr. PRICE. I presume in the market. Otherwise I did not take any particular interest.

Mr. WHIPPLE. In other words, the arrangement was, "If you will send me these messages, such as you have described, I will give you \$25, anyway."

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, it was to these two concerns that you sent messages promptly upon learning what Secretary Lansing had said?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Is Mr. Taff here?

Mr. TAFF. Yes, sir.

Mr. WHIPPLE. Have you the original of one of these telegrams?

Mr. TAFF. I have appeared in response to a subpoena served upon me, and under the regulations of the telegraph company I have to respectfully submit that, as telegrams are private and privileged communications, I ought not to produce or testify concerning them unless an order be entered by the committee that I do so.

Mr. CHIPERFIELD. That is the usual procedure.

The CHAIRMAN. That will be the order of the committee, Mr. Taff.

Mr. TAFF. I have the telegram.

Mr. WHIPPLE. Have you the Finley-Barrel one?

Mr. TAFF. I have not.

Mr. WHIPPLE. Will you see if you can get it?

Mr. TAFF. I will try. I had no information concerning that. This is the particular message that was requested.

Mr. WHIPPLE. Do you recognize this, Mr. Price, as the one that you sent?

Mr. PRICE. Yes, sir. I looked at it this morning. I looked at it because I wanted to see it for myself.

The CHAIRMAN. Speak a little louder.

Mr. PRICE. Yes; I recognize it. I will say that the one to Finley & Barrel is practically in the same sense identical.

Mr. WHIPPLE. I think, perhaps, we had better get the original.

Mr. PRICE. Yes, sir; all right, sir.

Mr. WHIPPLE. You went to the telegraph office this morning to look at it?

Mr. PRICE. I went there and asked them if they would not give me a copy of the original, because I assumed I could remember what I wrote myself. That is written on plain, ordinary copy paper that I wrote on my typewriter.

Mr. WHIPPLE. I have a telegram from Chicago about this matter, which I received late last night, which very likely the committee would be interested in.

Mr. CHIPERFIELD. Is it such that the chairman can read it aloud?

Mr. WHIPPLE. It is such——

Mr. CHIPERFIELD (interposing). Well, does it contain anything that would be better for the committee not to put in the record at this time?

Mr. WHIPPLE. I think not. It will come in later as a part of the record, but it will be for the committee to determine whether they will send to Chicago to get the parties.

The CHAIRMAN. What is the name of the member of the firm who is in California?

Mr. WITHINGTON. Mr. Clement.

Mr. WHIPPLE. That is Mr. Clement. We first communicated with Mr. Clement in Pasadena, Cal., in order to ascertain where he got the information that his firm sent on to Hutton & Co. We sent to his firm in Chicago, and they would not do anything until they heard from Mr. Clement, in Pasadena. He advised them that they must give us a copy of it, and we received a copy of this telegram last night. I think that recites the procedure by which it came to us; and later we will offer the telegram that was sent. Shall I read it and have it marked as an exhibit?

The CHAIRMAN. Yes.

(The telegram referred to is marked "Exhibit Price 1.")

Mr. WHIPPLE. It is on the heading of the Western Union Telegraph Co. It is marked in pencil "Duplicated 4.40 p. m., February 1, 1917," which would be day before yesterday. I do not know what that means, but I will ask later. I assume it will mean that some one asked for a copy and received it.

Mr. PRICE. They told me to-day that the firm had asked for a copy of that from back here themselves.

Mr. WHIPPLE. Oh, that the firm did?

Mr. PRICE. I think they said the firm, but some one in Chicago had asked them for a copy of this telegram of February 1.

Mr. WHIPPLE. Now, this is the symbol, "A." Receiver's number, apparently, 75. Time filed, I think it is, 12.52 a. m.

Mr. HARRISON. 11.52.

Mr. WHIPPLE. 11.52 a. m. That is the way in which it appears in the copy that you received from Chicago. It is dated December 20, 1916. Time sent, etc., which I can not make out; there are various stamps—"Collect," "Rush." Then it says:

FREDERICK C. ALDRICH,

Duplicate care Mink, 209 South La Salle Street, Chicago, Ill.:

Have intimation that important State Department statement regarding economic conditions of European war as affecting neutrals and intended to promote peace prospects likely to become public late this afternoon.

CHILDS.

The CHAIRMAN. It is signed "Childs"?

Mr. WHIPPLE. Signed "Childs." Was that the name you assumed in making this communication?

Mr. PRICE. That is the name that he asked me to use; yes, sir. He suggested that I use that name because of operators and others who are always butting in about those things, and he asked me to use that name. I should not have objected to using my own name at all.

Mr. WHIPPLE. Just a minute about that. He asked you to use it because operators and all those—

Mr. PRICE (interrupting). I do not say operators particularly, but all those who are in the office and everywhere who always look at those things.

Mr. WHIPPLE. They would always be looking at them?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. What difference did it make to those people in the office whether it was signed Childs or Price?

Mr. PRICE. Well, I do not know, sir. I did not ask that. It would not have made any particular difference to me, except I would not have liked to have my name used generally about these matters. They would have misunderstood or misconstrued it, and there would have been false reports and all that sort of thing.

Mr. WHIPPLE. Did you use the same name with Finley, Barrel & Co.?

Mr. PRICE. No, sir; I used the name that he had asked me to use years before—the name of Spencer.

Mr. WHIPPLE. You used the name of Spencer?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Then did you continue to use the name Spencer with Finley & Barrel?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. And used the name Childs with Aldrich?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, it says, "Duplicate, care Mink."

Mr. PRICE. That is not my handwriting. That is something in connection with the Western Union. All of mine is in typewriting.

Mr. WHIPPLE. I see.

Mr. PRICE. I understand it was duplicated. They told me to-day that Mink was the name of the operator who duplicated it in Chicago. That is not anything of mine.

Mr. WHIPPLE. Now, this was sent at 11.52?

Mr. PRICE. That is, it was filed at 11.52. It shows that the boy got there at that time with it.

Mr. WHIPPLE. I have forgotten the time that Clement sent his telegram.

Mr. HARRISON. 12.47.

Mr. GARRETT. 12.48.

Mr. CHIPERFIELD. Chicago time, 11.48.

Mr. WHIPPLE. This is apparently a little earlier than what they sent out. Let me see if we can not get it exactly. The Clement-Barrett confidential telegram, Exhibit H1, was received at 12.48.

Mr. CHIPERFIELD. Eastern time.

Mr. WHIPPLE. What would that be Chicago time?

Mr. CHIPERFIELD. 11.48 Chicago time.

Mr. WHIPPLE. There must have been some change in time, some difference in time. That must have been filed at 10.52 in Chicago. That is sufficient time. Now, you say that this important State Department statement was "intended to promote peace prospects"?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. On what did you found that?

Mr. PRICE. Just on my analysis of the situation at that time and also on the deduction that any note regarding neutrals would be in-

tended directly or indirectly to promote peace prospects, anything from the State Department.

Mr. WHIPPLE. May I call your attention to what the Secretary states that he told to the reporters whom he met, on page 68, unless you have happened to read it? He says:

I told them this in confidence, because I was afraid that the contents of this communication, which was addressed to all the belligerent countries, would come back by telegraph from Europe in a garbled form and that I did not wish it made public on that account; and furthermore that it was courtesy that it should not be published in any form or any knowledge of it given out until it had been received by all the countries to whom it was addressed. I stated to them that the communication was, as I said, to all the belligerents, but it did not contain proposals for peace or an offer of mediation.

Was that communicated to you?

Mr. PRICE. Well, I do not recall. He says it was not a peace note. I rather think they did say that.

Mr. WHIPPLE. You read the note when it was published the next day?

Mr. PRICE. And not until the next day. I wish to say that, gentlemen.

Mr. WHIPPLE. Now, the next day, when you read it, you saw that while it did not contain "proposals for peace or an offer of mediation" that it was true it was intended to promote peace prospects?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. In other words, in your telegram to these brokers in Chicago, you sent a message which did not refer to the Secretary's statement that it did not contain a proposal for peace or an offer of mediation, but did state what is accurate and true in regard to the President's note; that it was "intended to promote peace prospects"?

Mr. PRICE. Yes; it was that much of a guess as to being right.

Mr. WHIPPLE. You were one of a class who were guessing at what the President was doing?

Mr. PRICE. Mr. Whipple, you wish to do me justice, I know. I do not wish to be put in the class of some of those who would guess.

Mr. WHIPPLE. Well, you know that so far we have had a great deal of testimony where the testimony seemed to foreshadow just exactly what the President had done; that it was merely a prediction; and perhaps I did you an injustice.

Mr. PRICE. I know you do not want to, Mr. Whipple.

Mr. WHIPPLE. No; of course not.

Mr. PRICE. Because there are classes of men who interpret this note and other classes of men, and I would like everybody to remember that I am not in any class. As a newspaper man I often take a chance on some things which my analysis and deduction of conditions afterwards fully justify me in having written.

Mr. WHIPPLE. Now, I think it would be only fair for you to state to the committee what your analysis and deductions were that made you state to the brokers that it was a communication "intended to promote peace prospects," in spite of what the Secretary himself said.

Mr. PRICE. There were many reasons for that. The situation in Europe, with which I had to keep up, the reading of telegrams and the speeches that have been made on the subject all around, and various other things, and then the information that came to me that

it was dealing with economic problems in Europe as affecting neutrals. Naturally, gentlemen, in my opinion any note addressed to anybody affecting the interest of neutrals in this war would necessarily have to be a peace note to begin with. I think there is not a newspaper man in Washington who, when he heard that, did not promptly—and I think if you will call the whole array of them they would say so—before the note came out or before they heard anything of the contents did not promptly deduce the same thing in their minds. It was absolutely a pure deduction, because I never went out of the press room at that time.

Mr. WHIPPLE. Now, you say that this note was "likely to become public late this afternoon."

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, did you know that the Secretary had just announced that the note would be given into the hands of the newspapers at 5 o'clock?

Mr. PRICE. Well, I expect I did—no; I do not know that he did. I call your attention again to the fact that I was under the impression that I understood it was a State Department statement. I wish to say that from the standpoint of the ethics of the newspaper business, as I view them, and I do not know but what some people may construe my ethics as different from others, but I understood that it was a State Department matter, and I did not know that the President was in it or that he had written a note at all. I think I went to golf later in the day. I beg to call your distinct attention to this fact, that I am at the White House, and since I have been there no one has ever said that I violated a confidence, and neither Frederick Aldrich nor Finley & Barrel—no; nor Jesus Christ himself could ever say that I violated a confidence in that office. This was a matter coming from elsewhere, and I did not even know for hours afterwards that it was a note of the President. If I had, I would not have said that, because for the mere pitiful sum of \$25 a month I would not jeopardize any feeling that I had, my sense of honor as a newspaper man, and the sense of honor of any public man, and there are stacks of them in Congress to-day who I think will justify me in that.

I want to make that clear, gentlemen, because my name has been dragged into it for merely sending a little thing to a friend of mine, to Finley, Barrel & Co., and with no knowledge whatsoever that the President's name was in it. I thought it was a State Department statement at the time, and it was not until later in the day that I knew the President was going to issue a statement.

Mr. WHIPPLE. Now, you say it was intended to promote peace prospects?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Well, of course, you realize that a statement by the President was much more likely to promote peace prospects than a statement by the Secretary of State?

Mr. PRICE. Yes; I certainly realize it.

Mr. WHIPPLE. And you had not been told that the Secretary had said that morning that the paper was to be or had been sent to all neutrals and all belligerents, or anything like that?

Mr. PRICE. I do not remember that I was told that at all.

Mr. WHIPPLE. Now, you see, it says here, "I stated to them that the communication was, as I said, to all belligerents." Do you recall that?

Mr. PRICE. No; I do not recall that at all. I just recall that it was a statement going out on this economic situation.

Mr. WHIPPLE. Well, did you think it was a valuable bit of news to them—to that brokerage concern?

Mr. PRICE. Well, I imagined it must have been of some value, or I would not have sent it.

Mr. WHIPPLE. Why not?

Mr. PRICE. Well, to inform them as to conditions going on generally.

Mr. WHIPPLE. How would that help them?

Mr. PRICE. I would imagine it would post them so that in their business they might tell their clients around generally that they understood such and such a thing was going to come, or something like that.

Mr. WHIPPLE. Before the general public knew it?

Mr. PRICE. Well, I would assume so; yes, sir. I did not know what use they would make of it. I assume that is the way of it. You asked me, and I want to be frank with you.

Mr. WHIPPLE. Certainly; I have no doubt of that.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. But I wanted to see if you now had in mind or if you then had in mind that the value of this thing to the gentlemen to whom you were sending the communication was that they would have advance knowledge of something that was going to happen before the general public, and that their activity in the stock market would be thus more profitable?

Mr. PRICE. Well, I imagined; yes, sir. I still imagine that that would be correct.

Mr. WHIPPLE. And, therefore, what you were doing, as you thought, was, without going into the extent of the advantage, that you were giving them some slight advantage, at least, over the general public in knowing thus early and promptly the facts that are stated in your telegram?

Mr. PRICE. Quite naturally it would be over the general public, because they would know it before hand.

Mr. WHIPPLE. And you understood that by having this exclusive information, if it were exclusive to the stockbrokers, not to the newspapers, they would derive an advantage?

Mr. PRICE. Now, that is putting things in my mind; I did not know how much advantage they derived, Mr. Whipple. I assumed that they might. I took it for granted that it would be of advantage like any information in advance would be, the same as in the real-estate business or anything of that kind, or information about the rise in the cost of butter, potatoes, coffee, lard, or anything like that.

Mr. WHIPPLE. Now, did you suppose and understand that the other newspaper men who heard it would themselves be at liberty immediately to communicate it to any broker friends that they might have?

Mr. PRICE. If I had been one of those newspaper men who had received it I would not have sent it to any living man.

Mr. WHIPPLE. But having learned from one of those newspaper men what they said about it——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). Although you were also a newspaper man, you felt at liberty to send the matter, the advance information, to this firm?

Mr. PRICE. I felt under no obligation at all, because I felt that it would be out all over the town in a few minutes, or over the world, and I would be at liberty to use it.

Mr. WHIPPLE. And that you would be a few minutes first?

Mr. PRICE. I do not know about that. Well, I would like to be first with it if I can. That is natural for a newspaper man.

Mr. WHIPPLE. Now, you say, "likely to be made public late this afternoon."

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, that would be after the stock exchange closed?

Mr. PRICE. Yes; I imagine so.

Mr. WHIPPLE. So you must have had in mind, naturally, I take it, Mr. Price, that you expected that the general public would not learn of it until after the stock market had closed, and that your friends, the brokers, by using it during stock-exchange hours, might derive an advantage that the general public would not?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. And you knew that this was what they were employing you for?

Mr. PRICE. Why, certainly; I had a feeling that that was it; of course. I feel that.

Mr. WHIPPLE. And that was the basis of Mr. Aldrich's remark to you that if he made something good he would do something for you more than the \$25?

Mr. PRICE. Yes, sir; which he does not seem to have made, because I have not received anything additional to the little \$25. I may add that, so that everybody may understand the thousands of dollars I am getting out of the market.

Mr. CHIPERFIELD. What was the last part of that answer? I did not hear that.

Mr. PRICE. I say. I may add that I have not received anything additional from Mr. Aldrich at all, and I assume that he probably did not clean up any millions or thousands, or he would have been generous enough to have sent more than his little \$25.

Mr. WHIPPLE. Now, when you told us a minute ago what Mr. Fox told you, you said that among other things he said that the statement was not to be announced until the afternoon after the market had closed?

Mr. PRICE. Now, I say I think he said that. He probably said, "Well, they are probably holding it back until after the market closes."

Mr. WHIPPLE. So that when you sent it to your broker friends you sent it with the knowledge that the Secretary had said that he did not want it issued until after the market had closed?

Mr. PRICE. Now, I would not say that. I would like to be clear on that. I do not think he gave me any instruction at all as to what the Secretary said as to just this, that, or the other, as to them handling it, because that was not in my province.

Mr. WHIPPLE. When you started your testimony you stated that Fox told you that the note was not to be announced until 5 or until the afternoon, or until after the market closed?

Mr. PRICE. I think that Fox said that, or that Fox said that the Secretary said that.

Mr. WHIPPLE. But, either way, you understood that the Secretary did not intend that the general public should get it until after the market was closed?

Mr. PRICE. Or that he did not intend that the market should get it until after the market was closed.

Mr. WHIPPLE. Now, did it not occur to you that if your friends could have that authentic news exclusively and that no one else who traded in the market, no other broker would know it until after the market closed, that they could get a tremendous advantage, and did it not occur to you at the time?

Mr. PRICE. Yes; it occurred to me at the time, but I did not have the idea that it was any exclusive advantage because I imagined it went out of Washington on 50 different wires.

Mr. WHIPPLE. Well, this committee is going to see whether it did or not. You say that if you had been one of the men who heard it, you said very emphatically you would not have parted with it to anybody?

Mr. PRICE. No, sir; because it was confidential to them and I would not have released it.

Mr. WHIPPLE. Now, if none of those who heard it would give it up, under the penalties you spoke of so emphatically a moment ago, except to the newspaper offices, how could there be 50 telegrams about it during the day?

Mr. PRICE. Now, I said I imagined that because, you see, when the boys begin talking about the matter with each other they talk with somebody else, probably Members of Congress, all along the line; why, it is no time before it gets to some broker's office in a short time.

Mr. WHIPPLE. That is, under the system which prevails when the Secretary made an announcement to a lot of reporters called for the purpose and told them it was not to be given out except to their papers, the custom is that the gossip between themselves and Members of Congress and other people——

Mr. PRICE (interposing). Or anybody that they meet.

Mr. WHIPPLE (continuing). Is such that it goes so swiftly that within a few minutes there would be a number of telegrams that you estimate at 50 sending that news out to people other than the newspapers?

Mr. PRICE. I imagine that it would. I imagine that it would get out. It has been that way ever since the Government has started, Mr. Whipple, and would probably continue that way.

Mr. WHIPPLE. Therefore if the Secretary or the President informed newspaper men at a given hour that he gave them a confidential announcement or that he is going to give them one at 5 o'clock and states something in regard to its character, while the newspaper men themselves will not send it to anyone except their newspaper editors, yet from every gossip among themselves, with Members of Congress, with anybody who happened to be friendly with them in Washington, practically complete knowledge of it will

go out over the wires to people other their editors within an hour or two?

Mr. PRICE. I imagine that is correct. I do not doubt it at all.

Mr. CHIPERFIELD. Mr. Whipple, I wish you would develop why the witness brings in the names of Members of Congress?

Mr. PRICE. I did not mean that in an offensive way.

Mr. CHIPERFIELD. Well, Mr. Whipple will develop it. I want to know why you speak of Members of Congress.

Mr. PRICE. That was not intentional, I assure you, but newspaper men who deal with Members of Congress every day and talk with them get information from them and repeat to them things that they hear and probably ask Members of Congress what they think about this or that and what the note is likely to be and what the President is going to say, etc., and it is the same gossip with every one. Well, I will withdraw that if it appears to have anything significant.

Mr. WHIPPLE. Before that is withdrawn, let me ask you: Do you know of any communication by any reporter, directly or in any way, that will lead to the discovery of the fact that any reporter who was present at that interview of Secretary Lansing on the morning of December 20, communicated any part of it to any Member of Congress, in either the Senate or the House of Representatives, or anybody?

Mr. PRICE. No, sir; I have not any idea that they did.

Mr. WHIPPLE. Yes; but you said broadly that within an hour or two it would be common gossip in Washington so that it would be sent out on 50 different wires?

Mr. PRICE. Why, yes; but you say these things—I have never been accustomed to being whipsawed here and there about these matters. I am not a criminal. You ask me one question and another and I have given you the different shades of my mind. The newspaper men who told me that were at the White House and they went somewhere else. The Wall Street Journal people were told about the same thing. They no doubt told the Wall Street Journal. The managing editor probably told some reporter that this was coming and that reporter probably told somebody in the Street, and it all goes down the line that way, just exactly like anybody else communicating anything that way.

Mr. WHIPPLE. Mr. Price, you will notice that if that is a fact, what you say in regard to its being public property practically within an hour after such an announcement, that it is impossible for the Secretary of State, or any head of department, to utter in confidence anything to the reporters who assemble and listen in the morning, without a certainty that if it is important that it will become common gossip in Washington and be sent out on the wires within an hour or so?

Mr. PRICE. May I just answer that a little broadly?

Mr. WHIPPLE. I do not want to control your answer, but I think the committee would like to have that answered directly and then you can explain it.

Mr. PRICE. It is equivalent to saying that the newspaper men would violate confidence.

The CHAIRMAN. I was distracted for a moment and I did not catch the full import of the question. Will you read it, please?

(The question was read.)

Mr. PRICE. I do not think so. I do not think I would say that. It depends on what the Secretary of State said. If the Secretary said, "We have got something coming for you, boys, at a certain time," I do not think they would regard that as so important that they would not talk among themselves, if he did not say, "This is a communication of importance with reference to so and so, and you boys must not use it until the original comes out." Mr. Whipple, that is a very different thing, in the ethics of the profession——

Mr. WHIPPLE (interposing). Let me call your attention to this telegram, not stating that an announcement was to be made in the future, but actually stating what it was.

Mr. PRICE. Yes; I see; but it is to be made in the afternoon. I also gave a conjecture or deduction as to what it is, but that was mine. The boys never told me what its full purpose was. That is my own deduction.

Mr. WHIPPLE. No; it is evident that they did not know what it was.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. I mean, from Secretary Lansing's statement.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. That it was to promote peace prospects.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Let me call your attention to this fact, in the first place, that the Wall Street Journal did not say that it was a peace note or intended to promote peace. It said the opposite.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. So you see the information, so far as it was represented by that journal, was the opposite of the accurate information which you had.

Mr. PRICE. Well, they might not have interpreted it as I did. They might have taken another tack on it, as anybody else would. I do not know about that.

Mr. WHIPPLE. And in the second place, so far as we have traced it, the substance of that information that the Wall Street Journal had and which was buzzing around New York came from Chicago.

Mr. PRICE. Was it not stated in this communication that the reporter told you about, that he heard the information of this at 11.30 in the morning, which was 20 minutes before I wrote this telegram?

Mr. WHIPPLE. But, you see, that was New York time.

Mr. PRICE. Well, that was Washington or New York time, filed by me at 11.50 p. m., which is 20 minutes later than this reporter told you about here.

Mr. WHIPPLE. You may be right about that, Mr. Price.

Mr. PRICE. This reporter heard it, and that was away in advance of anything that I could have said, which showed that somebody over there evidently heard it.

Mr. WHIPPLE. You see, the difficulty about that, as to those rumors, so far as we have traced them down, is that the rumor merely was that the President was going to assemble the reporters on

Christmas day, and we took particular pains to run that down. That rumor was that the President was to assemble the reporters on Christmas day, considerably later, and make an announcement as to peace propaganda.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Has the other telegram come in yet?

Mr. WITHINGTON. No, sir.

Mr. WHIPPLE. Did you send another telegram?

Mr. PRICE. No; that is the telegram. Some time that day, probably about 12.30 or 1 o'clock, I do not recall the time, but very much after this, Mr. Eugene Thompson, of Crane, Parris & Co., of this city——

Mr. WHIPPLE (interposing). Who are Crane, Parris & Co.?

Mr. PRICE. They are banking and investment security people on Fourteenth Street, I think.

Mr. WHIPPLE. Stock brokers?

Mr. PRICE. Yes.

Mr. WHIPPLE. Have they a wire to New York?

Mr. PRICE. I do not know whether they have or not. I do not know whether they have a wire to New York or not.

Mr. WHIPPLE. You think they would?

Mr. PRICE. I would imagine so. I do not know.

Mr. WHIPPLE. Have you any idea with whom they are connected?

Mr. PRICE. I do not have any idea with whom they are connected. I do not know who they are connected with. All I know is that Mr. Thompson is a very long-time friend of mine, and he just calls me as many others do in Washington and says: "What is going on? What do you hear?"

Mr. WHIPPLE. What time did he call you?

Mr. PRICE. I say 11.30. It was 12.30 or 1 o'clock. He said: "I hear a rumor out, so and so."

Mr. WHIPPLE. Tell us what he said the rumors were.

Mr. PRICE. Well, I do not recall that, but he often called, and others called——

Mr. WHIPPLE (interposing). No; do not stray from the subject. You have given what he said on this day. Just give it all.

Mr. PRICE. I think he may have said: "I hear rumors out that there is a statement coming out on the peace subject. Do you know anything about it?" That is probably what he said to me. And I said: "Yes; I understand a statement is coming out from the State Department," which I still thought then was the State Department, you see, giving practically what Mr. Lansing said, but putting my own interpretation on it.

Mr. WHIPPLE. Well, I think the committee would like to have you state just what you said to him.

Mr. PRICE. Just, as I understand it, what I said in the telegram. I understood it was a note from the State Department affecting neutrals and economic conditions affecting neutrals, and saying to him that I believed it was intended to promote peace prospects.

Mr. WHIPPLE. What did he say to that?

Mr. PRICE. I do not know that he said anything at all. I think probably the same day I had two or three friends around town who

sometimes call me, with whom I had no relation, fellows over the wire, newspaper men, but I do not remember anybody else that day.

Mr. WHIPPLE. Do you remember any other brokers calling on you that day?

Mr. PRICE. No, sir; I do not remember any brokers calling on me that day?

Mr. WHIPPLE. From what offices did you send your telegram?

Mr. PRICE. My telegram?

Mr. WHIPPLE. Yes.

Mr. PRICE. From the White House press room.

Mr. WHIPPLE. Over the White House wire?

Mr. PRICE. Oh, no, sir. I gave that to my messenger boy, or some messenger boy, and sent it to the Western Union.

Mr. WHIPPLE. Did you ever use the White House wire?

Mr. PRICE. I have not a thing to do with the White House wire.

Mr. WHIPPLE. But you sent out from the White House these telegrams over the Western Union lines, through the office nearest the White House?

Mr. PRICE. Yes, sir. I had a messenger boy there and I think I just gave it to the boy and said, "Here, take this to the Western Union."

Mr. WHIPPLE. Can you remember how long it was before the hour marked on the telegram itself?

Mr. PRICE. How is that?

Mr. WHIPPLE. It appears that the telegram from Mr. Aldrich, at least, was filed at 11.52.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. How long before that was it that you had written the telegram?

Mr. PRICE. I imagine that the boy went there instantly. Maybe it took him a minute on his bicycle to get there. It could not have been more than four or five minutes.

Mr. WHIPPLE. Who is the boy?

Mr. PRICE. I think his name is Sullivan. He is my regular messenger boy. I can furnish him if you want him.

Mr. WHIPPLE. It took you some little time to write it after you had heard the story?

Mr. PRICE. A couple of minutes.

Mr. WHIPPLE. Do you think that immediately upon hearing it, or within two minutes, you wrote it?

Mr. PRICE. I think very close to that time.

Mr. WHIPPLE. And instantly, as you put it, within a minute or two, they were filed?

Mr. PRICE. I gave them to the boy and he took them right over.

Mr. WHIPPLE. So that the moment——

Mr. PRICE (interposing). Very close to it. I do not say a moment. Within a few minutes, very close to that.

Mr. WHIPPLE. I am trying to find at what time you got the intelligence. I am trying to work back and find out at what time you got the intelligence.

Mr. PRICE. I got the intelligence four or five or six minutes before I wrote it; somewhere in there.

Mr. WHIPPLE. Then, four or five or six minutes within the time you got this information you telegraphed it to these two brokerage houses, or at least it was on the wires to these two brokerage houses?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Do you do service for any other company or bank or brokerage house?

Mr. PRICE. In Washington?

Mr. WHIPPLE. Yes, sir.

Mr. PRICE. I do not for a brokerage house.

Mr. WHIPPLE. But for banking houses?

Mr. PRICE. Yes, sir. I represent here in Washington and have for a great many years the firm of Fulsom & Adams, of New York, and C. F. Childs & Co., also, of South LaSalle Street.

Mr. WHIPPLE. Also of New York?

Mr. PRICE. No; of Chicago.

Mr. WHIPPLE. Are these both of Chicago?

Mr. PRICE. No, sir. Fulsom & Adams are of New York and C. F. Childs & Co. of Chicago. I think they are in South LaSalle Street, the same as the others. Having been summoned here by Mr. Whipple, I had left at home a number of data, and I think Mr. Whipple will tell you I laid them before him, and I intend to lay them before you. These gentlemen are buyers and sellers of Government bonds. I have letters from them to submit to your committee that they never asked me for or never obtained from me anything regarding stock market transactions. All they ask from me is to act as their attorney in the Treasury Department in the transfer of Government bonds. It has nothing to do with stocks. In fact, I do not think that they are in the stock exchange or are members of it or have any business on God's earth, so far as I know, with the stock exchange. For many years, however, Fulsom & Adams will buy from the First National Bank of some town in Mississippi \$50,000 worth of bonds, and pay them a certain price for them, and they will sell them to a bank in Texas, and if they want me to do it, they will send me a power of attorney, merely as an attorney, for them to submit to the Comptroller of the Currency. I go to the Comptroller of the Currency, if they are up as security for circulation, and the Comptroller delivers them to me, and I merely assign them to the new bank they have been purchased for, and I only do that kind of business with them, and I would like to make that clear, because they have never, so far as I know, dealt in the stock exchange, because I have never gotten for them or telegraphed for them or said a word in any way to them about the stock market or anything else like that. It is a reputable and good business, and it is a shame that their name has been dragged into this even for this publicity part. I am sorry that I had to say that, but these gentlemen are very reputable gentlemen, and their names are dragged into this, and it is probably necessary, but I have a raft of letters which I have at home and which I will present to you at any moment from these gentlemen: "Please transfer 1,000 twos to the Commercial National of Chicago. Mr. Price is to assign this to such and such a bank." It is a perfectly open and legitimate business that anybody can do. Right here in Washington the Riggs National Bank or other banks act in that capacity for other banks. I hoped that this could be avoided.

Mr. WHIPPLE. That, I assume from what has been said, is practically the function that Mr. Boyle, of the news bureau, did for Harvey Fisk & Sons.

Mr. CHIPERFIELD. In part. He went further.

Mr. PRICE. In part; yes. That is another case I would not like to be identified with. These people I do not think do the same kind of business Harvey Fisk & Sons do, although I do not know Harvey Fisk & Sons.

Mr. WHIPPLE. I do not know whether the committee would think it profitable to ask whether Mr. Price knows of other reporters doing that same work.

Mr. PRICE. You mean as attorneys?

The CHAIRMAN. Perhaps not at this time.

Mr. PRICE. Well, I do not——

The CHAIRMAN (interposing). You need not answer the question now—not at this time.

Mr. WHIPPLE. I have the original of the other telegram. Shall I read it?

Mr. PRICE. Will you kindly let me look at it, because I have forgotten it. I do not remember exactly what I said to those people at all.

Mr. WHIPPLE. That differs somewhat from the first.

Mr. PRICE. Yes. That was filed at the same time and at the same minute and shows that I was guessing in that telegram and really did not know what was in the note. I am real glad that that has been introduced.

Mr. WHIPPLE. I will read it [reading]:

[Western Union telegram; time filed, 11.52; check 36, collect; Dec. 20, 1916; rush; collect.]

FINLEY, BARRELL,

203 South La Salle Street, Chicago:

Am informed that State Department contemplates making public late this afternoon important statement bearing on economic situation of the European war as affecting neutrals. Object being to indirectly promote peace prospects through bringing neutrals closer together.

SPENCER.

Mr. PRICE. I am awfully glad that came out. I did not know I sent it myself. It was written the same minute and sent by the same boy.

Mr. WHIPPLE. Between the words "afternoon" and "statement" the word "important" is introduced in pencil in writing.

Mr. PRICE. My own handwriting, Mr. Whipple.

Mr. WHIPPLE. Then, in the sentence, or the phrase, "Object being to indirectly promote peace prospects," etc., the words originally "quickly but" are stricken out with pencil, so that before that striking out it would have read, "Object being to quickly but indirectly promote peace prospects through bringing neutrals closer together."

Mr. PRICE. Give me the hour of filing, please, Mr. Whipple.

Mr. WHIPPLE. I did; 11.52.

Mr. PRICE. At the same time as the other one?

Mr. WHIPPLE. Yes. They were sent down by the same messenger?

Mr. PRICE. That relieves my mind some, because I had forgotten how I worded theirs, and I did not remember.

Mr. WHIPPLE. I think, Mr. Chairman and gentlemen, it might perhaps be fair to hand this telegram which I had shown to the committee to Mr. Price, so as to see the information that came to us last night.

Mr. PRICE (after reading the telegram). Yes, sir; that is all right.

Mr. WHIPPLE. I will have this telegram marked as an exhibit.

(The telegram referred to was thereupon marked "Exhibit Price No. 2.")

Mr. WHIPPLE. Do you remember where you were when you wrote these two telegrams?

Mr. PRICE. Well, I was in the press room at the White House—on my own typewriter.

Mr. WHIPPLE. In the White House?

Mr. PRICE. Yes, sir; in the press room of the White House offices.

Mr. WHIPPLE. That is a room furnished to the newspapers?

Mr. PRICE. Yes, sir; a room furnished to the newspapers.

Mr. WHIPPLE. And was it in that room that Mr. Fox told you what he did tell you?

Mr. PRICE. I believe now that Mr. Fox was in the toilet when he told me. I can not remember those little things entirely, but I was there myself, and he just mouthed out this general talk about this matter.

Mr. WHIPPLE. Who else was there when he told you that?

Mr. PRICE. Oh, he was not the only man; newspaper men were the only ones I could get it from, and I would like to make that clear now, so as to keep anybody else's good name out of it.

Mr. WHIPPLE. Who else was present at the time?

Mr. PRICE. I do not think anybody else was present.

Mr. WHIPPLE. Just Mr. Fox?

Mr. PRICE. Yes, sir. All the boys soon got it in a few minutes; probably every man, because I heard them scurrying around to ask for information about it.

Mr. WHIPPLE. How many were there at the time asking for information?

Mr. PRICE. There was not any at the time; I do not know whether they told me or how they got their information.

Mr. WHIPPLE. I am trying to find out how many there were in the press room or wherever it was that you received the information?

Mr. PRICE. You mean when Mr. Fox spoke to me?

Mr. WHIPPLE. Yes, sir.

Mr. PRICE. There was nobody else present at all.

Mr. WHIPPLE. What is Mr. Fox's full name?

Mr. PRICE. I think they call him Bert Fox. He is a New York Sun man. Everybody knows him.

Mr. WHIPPLE. Was he the only one, wherever you were, when the information was imparted?

Mr. PRICE. At that minute that he spoke to me I do not think there was anybody else present, because I was attending to a little function, and he also.

Mr. WHIPPLE. And then you went right back to the press room and wrote it out?

Mr. PRICE. Yes, sir. I can not say right back, but very close to that time.

Mr. WHIPPLE. Your interpretation that it was likely or was intended to promote peace must have been a matter taking place in your mind within about six minutes?

Mr. PRICE. Yes, sir; it did; but I say that was one—I was not so sure of it, because to one man I sent a telegram that did not show I was clear about it, and to another that I thought I was clear, that shows the deduction was mine, because they are pasted together.

Mr. WHIPPLE. I am sorry that I did not notice the distinction. It seemed to me that one of them said it was likely to promote peace and the other said the object being entirely but indirectly to promote peace prospects by bringing the neutrals together.

Mr. PRICE. Yes, sir; which was not the note, as it was shown afterwards.

Mr. WHIPPLE. Which did you write first?

Mr. PRICE. I do not remember now. They were both filed at the same minute.

Mr. WHIPPLE. And you can not tell us which you wrote first?

Mr. PRICE. No, sir; I can not. I just took up a sheet of paper that we had there and wrote them out.

Mr. WHIPPLE. Is your compensation from the bankers to whom you referred the same as it is from the brokers?

Mr. PRICE. Yes, sir. I had a letter to you saying that, but it placed me in an embarrassing position, but I want to be frank. Fulsom & Adams pay me \$25 a month and Childs & Co. started me at the very magnificent sum of \$15 a month, and up until a short while ago that is all they paid me, and they now pay me \$25 a month.

Mr. WHIPPLE. These papers——

Mr. PRICE (interposing). Purely for the position here. Once in a while—I do not want to conceal anything—they will write me and ask, “We understand that the Federal Reserve Board is doing such and such a thing, and let us know what that is.” and I will write it to them; and sometimes they will say, “What do you think of the prospects of a bond issue?” and I will write them my opinion, the same as in this telegram. I wish to make that perfectly clear. It is a matter of my opinion, after all, about these matters.

Mr. WHIPPLE. What is the wish of the committee as to this telegram from Clement, Curtis & Co., and whether this should be made a part of the record, and whether it would be wise to ask either Mr. Aldrich or anyone else to come here and testify about it?

Mr. GARRETT. I do not think there is any objection to putting it in. We have no witness present by whom it can be proven, but the statement of counsel who received it, I think, is sufficient to let it go into the record.

Mr. WHIPPLE. If the matters in it are material, I suppose they can all be substantiated by Mr. Clement or Mr. Aldrich, if they were called before the committee.

The CHAIRMAN. We will want Mr. Clement later. He gave out some interview in Pasadena which we will want to ask him about.

Mr. PRICE. I understood that it was a rumor that he heard there in La Salle Street.

The CHAIRMAN. He had a good deal more to say than that.

Mr. PRICE. I did not see that. I did not know.

Mr. CHIPERFIELD. This can go with propriety into the record, accompanied by the statement of Mr. Whipple, and, in fact, most of the statements there are corroborated.

Mr. PRICE. Yes; I corroborate them perfectly.

The CHAIRMAN. Yes; read it into the record.

Mr. WHIPPLE (reading) :

CHICAGO, ILL., *February 2, 1917.*

SHERMAN L. WHIPPLE,

Care Biltmore Hotel, New York:

Referring to your telegram to us—

That bears the stamp, February 2, 1.38 p. m., 1917, and it came to me after the close of the hearing yesterday.

Referring to your telegram to us, Mr. Clement, in Pasadena, wired you about his telegram to Mr. Hutton and asked that our Mr. Aldrich wire you copy of his message he received December 20, which Clement says was basis of his telegram to Hutton. Unable to locate original, and Western Union reported they had no copy here, but late yesterday afternoon they furnished Mr. Aldrich with duplicate message, which was wired here from Washington, as follows:

"Duplicate 1917, February 1, p. m. 3.53.

"A 417-W Coll. duplicate.

"WASHINGTON, D. C., *December 20—11.52 a. m.*

"FREDERICK C. ALDRICH, X 311.

"209 South La Salle Street, Chicago:

"Have information that important State Department statement regarding economic conditions of European War as affecting neutrals and intended to promote peace prospects likely to become public late this afternoon.

"CHILDS."

Childs is code name for Price, a Washington newspaper man. Please acknowledge to us receipt of this message.

CLEMENT, CURTIS & Co.

Do you know that Clement, Curtis & Co., of Chicago, were correspondents of or in any way connected with Hutton & Co., of New York?

Mr. PRICE. No, sir; I did not. I did not even know that Mr. Aldrich was with Clement, Curtis & Co. I did not know what his association was with them at all. I only knew him as a personal friend who asked me to do this for him, and I did it.

Mr. WHIPPLE. Did you learn that at the same time, on the basis of your message, Clement, Curtis & Co. telegraphed the Hutton firm?

Mr. PRICE. Yes; I saw that.

Mr. WHIPPLE. As follows:

BARRETT :

Confidential. I hear that the State Department will issue statement to-day regarding economic conditions European war as affecting neutrals, intended to promote peace prospects.

Mr. PRICE. I saw that after it was printed; yes, sir.

Mr. WHIPPLE. And then did you see an account of a subsequent telegram from Clement, Curtis & Co. in which they reproached Hutton for having issued a flash on the basis of their confidential telegram?

Mr. PRICE. Yes, sir; I noticed that in the newspapers.

Mr. WHIPPLE. You did notice that this telegram from Clement to Barrett is marked confidential? Did you notice that in the copy you saw of it?

Mr. PRICE. I saw in the paper that it was marked "Confidential"; yes, sir.

Mr. WHIPPLE. And that the Clement firm reproached Hutton for violating the confidence——

Mr. PRICE. Yes, sir.

Mr. WHIPPLE (continuing). Under which that communication had been sent to them?

Mr. PRICE. Yes, sir; I saw that. I noticed that in the papers.

Mr. WHIPPLE. And that then the Hutton firm responded that their own Washington wire gave them a similar message and others had the same information?

Mr. PRICE. Yes, sir. Will the gentlemen of the committee be perfectly frank in asking me anything they want, because I do not want to hold back anything?

The CHAIRMAN. Of course, the committee may wish to interrogate you.

Mr. HARRISON. You usually send your messages that you send to the newspapers in the same way that you did in this case, Mr. Price?

Mr. PRICE. I write my stuff on a paper and have a messenger boy and send it down to my office.

Mr. HARRISON. I understood that probably there may be a way of telephoning your messages to the telegraph office?

Mr. PRICE. Oh, no; I never do this; and this telegram—as I say, I do not often send these people anything at all—and Mr. Aldrich had written me letters saying that they were expecting things, and that the whole situation looked like something, and would I please send him something along; and so, you see, for that little cheap sum of money I would not send him anything, perhaps, for a month. I would not send anything confidential, and I seem to have misled them by telling them to the contrary; so when he said there was nothing of the peace note, and I was violating no confidence in sending a belief that it was, because I did not get it from Mr. Lansing, and, of course, that is clear to the committee; as I say, this gossip coming to me, I felt free to use it. If I had got some gossip from some direction—from a friend—and if I wanted to get in the market, which I have not done, I would feel free to do it. In fact, that day there was some talk in the press room that now was a good chance to get on, in spite of what Mr. Lansing said, because we all felt then that something was about to break. I should like to be interrogated as freely as you gentlemen want, because, you see, what I have said previously goes out and probably is incomplete.

Mr. WHIPPLE. Mr. Price, I am not now asking you to disclose names, but I will ask you to state to the committee whether you know of any other newspaper men who are either under employment or otherwise are in the habit of giving, or have given, within your knowledge, information with regard to matters in Washington to brokers?

Mr. PRICE. No, sir; I do not. I do not know. I might have suspicions, but I would not give those. No, sir; I do not know any names.

Mr. WHIPPLE. I am asking whether, by admission or statement of any newspaper men to you, they are doing or have been doing the sort of service for any broker that you have been doing under your engagement with Finley, Barrell & Co. or Clevent, Curtis & Co.?

Mr. PRICE. I never had any engagement with Clement, Curtis & Co. You mean Mr. Aldrich?

Mr. WHIPPLE. Yes.

Mr. PRICE. No; I do not.

Mr. WHIPPLE. You could not give the names of the other newspaper men who have imparted or do impart that same sort of infor-

mation? I am not asking now to name them, but whether you could give them.

Mr. PRICE. I certainly do not know anybody who does do it now. I do not.

Mr. WHIPPLE. You say that there are certain men of whom you have a suspicion? I am not asking who.

Mr. PRICE. I might have a suspicion; yes.

Mr. WHIPPLE. Regarding whom you have a suspicion?

Mr. PRICE. Not only newspaper men. I do not want to impugn my own men by that; but there are people who do the same thing—the correspondents of these offices; the correspondents of these New York people. I do not mean to say that newspaper men do, because I do not know that they do.

Mr. WHIPPLE. I was speaking about the same service which you have rendered and have been rendering.

Mr. PRICE. No, sir; I do not know.

Mr. WHIPPLE. Now, the further question, without giving any names, as to whether you have any fact on which you found a suspicion with regard to any other newspaper men doing that same service for brokers that you say very frankly you have been doing?

Mr. PRICE. Well, I did not say, and do not now say, that other newspaper men did it. I do not know whether they did it or not.

Mr. WHIPPLE. My question was whether there are gentlemen whom you have reason to believe——

Mr. PRICE. (interposing). No, sir. I do not say I have reason to believe that.

Mr. WHIPPLE. It probably will not do very much damage either way, because, of course, the files of the telegraph office are open to the committee.

Mr. PRICE. I do not know. I would say frankly if I suspected anybody. I would say so, but I do not, because those would be private matters which newspaper men would not speak of to each other. Besides, as a rule, newspapers sometimes require their men to confine their business to newspaper work, and probably this may make me suffer, because the Star, as a great paper, may misunderstand what I regard as a mere private side matter. That is why I am liable to suffer seriously from this matter.

Mr. CHIPERFIELD. I wanted to have you give me just a little information about something that is much better known to you than myself in the way of procedure. You said, Mr. Price, that you thought this was a State Department statement?

Mr. PRICE. Yes, sir. I still think so—I mean I did then, as shown by my telegrams.

Mr. CHIPERFIELD. I want to understand about it a little better, and doubtless you can inform me. From your long experience in newspaper work in Washington do you know now of any statement that the State Department would make touching this situation, the international situation, on the initiative and by the responsibility of the Secretary of State alone?

Mr. PRICE. I would not think that the Secretary of State would make a very important statement wholly on his own responsibility. I would not think so; no, sir.

Mr. WHIPPLE. Would it not be a fair inference, and, indeed, is it not a fact, that any statement which the Secretary of State would make touching the international situation that it would be by the authorization of the President of the United States?

Mr. PRICE. I would feel, of course, that any important statement—remember, I did not know what this was——

Mr. CHIPERFIELD. Let us leave this statement out of it entirely for the time being.

Mr. PRICE. I would not think that any important statement would come without the authorization of the President.

Mr. CHIPERFIELD. In other words, is it not true in an indirect sense and not applying any close definition at all that the Secretary of State is the mouthpiece of the President of the United States in his dealings with foreign countries?

Mr. PRICE. In large matters; yes, sir.

Mr. CHIPERFIELD. Just as an adjutant acts for his immediate commander in authorizing orders?

Mr. PRICE. That is my understanding.

Mr. CHIPERFIELD. And do you know, in all of the history of the United States that has come under your observation, of the Secretary of State at any time issuing a statement that would concern international affairs that would emanate with himself and be uttered on his own responsibility?

Mr. PRICE. No; I do not recall of a very big thing of that sort that would be that way.

Mr. CHIPERFIELD. Are you a member of the press gallery of the House?

Mr. PRICE. No, sir; because I do not do work there.

Mr. CHIPERFIELD. That covers the question. I simply wanted to know. Now, you have said that Mr. Albert Fox, or Mr. Bert Fox, gave you this information?

Mr. PRICE. Yes.

Mr. CHIPERFIELD. Upon which you predicated, as you state——

Mr. PRICE. Yes, sir; I remember him as one of those who did; I think he was the man who I first heard speak of it.

Mr. CHIPERFIELD. As I understand it, you had no information prior to that time?

Mr. PRICE. Prior to that time, and after that time.

Mr. CHIPERFIELD. And your statement is that your action is based entirely upon his information?

Mr. PRICE. Yes, sir.

Mr. CHIPERFIELD. This statement that was given out by the Secretary of State was given out at the State Department, as you understand, was it not?

Mr. PRICE. It was given out at the State Department; yes, sir.

Mr. CHIPERFIELD. About how far would that be from the place where you were?

Mr. PRICE. Just across the street.

Mr. CHIPERFIELD. Five minutes' walk—as much as that?

Mr. PRICE. I do not think it is. I do not think it would be more than two or three minutes' walk.

Mr. CHIPERFIELD. Tell me just what you understood Mr. Fox to say to you, using his language as near as you can.

Mr. PRICE. I can not recall the language over again, but it was substantially about what I say there, that it dealt with economic relations and all, and then he probably guessed with me as to what we thought it might be, and I with him as to what it might be—just a guessing match between newspaper men over the proposition. Some three or four of them might be talking to me and I to them, and I would say “What do you think?” and he would say one thing, and he would say to me “What do you think,” and I would say another thing.

Mr. CHIPERFIELD. You can not state in substance his language?

Mr. PRICE. No, sir; except that he used this economic proposition, and this statement coming out.

Mr. CHIPERFIELD. Did you understand that this statement had been given by the Secretary of State in substance to the reporters?

Mr. PRICE. No, sir; he did not say that. He said, “There is a statement coming out from the State Department this afternoon”—that is all.

Mr. CHIPERFIELD. With your ripe experience in newspaper affairs here in Washington when you were told that a statement was coming out from the State Department, did that not necessarily imply that that was a statement based on action by the President of the United States?

Mr. PRICE. I might have supposed so, but I could not have guessed.

Mr. CHIPERFIELD. That would have been the logical deduction?

Mr. PRICE. That would be the logical deduction, that there was a statement from the President.

The CHAIRMAN. You are excused for the present, but you will be in readiness to respond if the committee needs you again. You are not going to leave the city?

Mr. PRICE. No, sir. I have nothing to take me away.

Mr. HARRISON. Did Mr. Fox, or the other gentleman whose name you do not recall, leave the impression upon your mind that the State Department statement, or whatever it was, was to be published at 5 o'clock?

Mr. PRICE. Over there that they would give out something in the afternoon for publication; don't you understand, at that time?

Mr. GARRETT. As a matter of fact you understood that it was to be released for publication at that time and was not to be released until that time?

Mr. PRICE. I do not know about the releasing. I did not ask about it. Nothing was said to me about releasing. I do not know whether it was for instant publication or for releasing the next morning, and I did not pay much attention. He probably said to me, I suppose, that “They are going to give out a statement this afternoon,” and I did not understand whether it was to be published immediately or the next morning, because, as I have stated, it did not concern me, because I am charged with looking after the State Department for my paper.

Mr. GARRETT. You did, however, understand that it had in a measure—well, that it was confidential in character?

Mr. PRICE. No; nothing was said to me. I could not tell from what he said to me whether it was confidential or not. I would suppose from what he said there was something coming out, and he

just wanted to give us this tip in advance. That very often happens. A man will say, "I have something to give you this afternoon," and of course it could not be so confidential and would not in my mind, anyhow, if he does not explain what is in the note at all.

Mr. GARRETT. In other words, if I have got your idea correctly, you make a distinction between the confidential character of the text of the proposition and the fact that it is to be given out?

Mr. PRICE. Yes, sir; and I thank you for bringing that out, because that is direct. If he had given the text of the thing out, that would have been different, but in a way he misled them. I do not mean deliberately, but they misunderstood him, and many times you gentlemen—I had better not say that, because that gets me into trouble—but a Cabinet officer will say, "Boys, I have a statement for you this afternoon," and they would not say what it was, but they would not regard that as particularly confidential, but if he had said what it was, then it would be confidential, as you see. That is the point there.

Mr. GARRETT. I should like to ask you this, Mr. Price: Did the Star management know of your connection with these people?

Mr. PRICE. No. As I say, it is probably going to bring trouble to me. It is probably going to fix me. I do not know. I have not asked the Star. I did not consider that it was a matter that I should consult them about. I mean to say to you gentlemen frankly that I do not know. I do not know how they feel about it. I can not say; but I have not said anything to them about it, because I considered it a personal matter. Whatever I might write for the Star would be wholly a matter of my opinion and would have no influence or connection with the market in it at all.

The CHAIRMAN. Just make any statement that you wish to address to the committee.

Mr. PRICE. I do not know of any at all, except what I have said. It is my confidence which I have always tried to keep with public men or others who have had business with me, and my own view is that I violated no confidence at that time by using a mere matter of gossip coming to me, and I make a distinction of what I would do under one circumstance and what I would under other circumstances. As I have explained, if it had been a White House matter, I should not have used it, involving the President, or if I had been informed about it at the White House, I should not have sent it to anybody else at all, because, that being my field for my paper, I would feel that I should not send it to anybody. But if I should pick up anything on the street, I might send it out to anybody else. I did not think there was any harm in that, and still I do not think so.

The CHAIRMAN. What I had in mind was, when I said you can make any statement you wished, you stated there were several things you wished to make clear, and the committee wanted to give you the opportunity.

Mr. PRICE. I think I probably should make them clear. Probably in the confusion I have overlooked some of the points.

Mr. GARRETT. Mr. Price, I rather think that perhaps, in view of the publicity that has been given with respect to yourself, that there ought to be this inquiry as to whether any communications were had between you and Mr. Tumulty touching this matter?

Mr. PRICE. No, sir; not a bit.

Mr. CAMPBELL. Let us not go into that.

Mr. PRICE. It might as well come out now as any other time.

Mr. CAMPBELL. As a member of the committee, I do not think we ought to go into that matter at this time. That is, let the committee decide upon it in a more formal way.

The CHAIRMAN. Do you think you might want to interrogate some witness later?

Mr. CAMPBELL. I think so; yes. That is, if that matter is to be gone into, we should go into it with more time than we have just now. Congress will assemble in joint session at 2 o'clock, and we all want to be there.

Mr. PRICE. And, gentlemen, I see Mr. Fox here. Maybe you would like to speak to him.

Mr. HARRISON. He answered the question propounded to him, as I understood it.

The CHAIRMAN. Mr. Campbell might want to cross-examine him at considerable length.

Mr. CHIPERFIELD. The Chair will bear in mind that there have been rumors floating around covering numerous subjects, and I have not the faintest information that they are anything more than mere rumors.

Mr. PRICE. Yes, sir. If I am going to be blackguarded all around the country, I would wish to get it out now.

Mr. CHIPERFIELD. Please understand that no member of the committee wishes to do any hurt to you at all.

Mr. PRICE. Oh, yes; I understand it.

Mr. CHIPERFIELD. If anything is done, it is done under a sense of duty; that is all.

Mr. PRICE. Yes, sir; I understand that.

Mr. CHIPERFIELD. The witness who has just left the stand suggests that Mr. Fox is here. I do not know whether you would care to proceed with his story now or not.

The CHAIRMAN. We might.

Mr. GARRETT. Mr. Chairman, I am willing not to pursue this any further, it being the apparent wish of the committee not to pursue any further inquiry along the line suggested. My only thought was that, in view of the — oh, the gentlemen of the committee understand the situation, what has been said in the newspapers and everywhere else, in the effort to connect Mr. Price and other gentlemen in this matter, but I do not wish it to pass here that Mr. Price had come off the stand and that no inquiries had been made of him about that at all. I do not want any impression to go through the country that this committee is seeking to avoid an inquiry into that matter. I do not want any impression to go out that a witness has come upon the stand and that we have not asked him questions about that particular situation.

Mr. WHIPPLE. Perhaps I ought to state, Mr. Chairman and gentlemen, that under the unanimous instructions of the committee, I had felt and still feel it my duty to follow out every line of suggestion that has been made in tracing the sources of advance information, and that there will be no effort spared to follow down any suggestion which could be really treated seriously, but that at the same time no names should be unnecessarily involved, but that no particular line of inquiry should be laid out before the committee and public

until there were actual facts which would seem to make it inevitable; so that no one's name might be banded in connection with it and subjected to a mere suspicion that afterwards might turn out to be wholly unfounded. and for that reason I had not this morning pressed other and further inquiries in connection with names that have already been suggested in the record. I still have in mind to follow out lines of inquiry which I have not yet had the opportunity fully to develop, and it is in connection with those that every name we hope that has been suggested will be dealt with. and they will be either fully acquitted or the facts, such as they are, will be brought out and laid before the committee and the public. I have understood that those were my explicit instructions. and I am endeavoring to carry them out.

The CHAIRMAN. Then this witness may be excused for the present. with that statement.

Mr. WHIPPLE. Mr. Chairman and gentlemen, a good deal of time has been taken here, but Mr. Fox is present in the room and has expressed a desire to follow up immediately the testimony that has been given by a statement of his connection with the matter, and if it be with the committee's approval. I will ask Mr. Fox to state his memory of it.

The CHAIRMAN. Come forward, Mr. Fox.

TESTIMONY OF ALBERT W. FOX.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name?

Mr. FOX. Albert W. Fox.

Mr. WHIPPLE. You are a reporter?

Mr. FOX. For the New York Sun; yes.

Mr. WHIPPLE. And your assignment is in connection with the White House?

Mr. FOX. The State Department and the White House.

Mr. WHIPPLE. For your newspaper?

Mr. FOX. For the Sun.

Mr. WHIPPLE. Your duties involve learning all the news that you can and may properly submit to your paper?

Mr. FOX. Yes.

Mr. WHIPPLE. Were you in that position on December 20, 1916?

Mr. FOX. Yes.

Mr. WHIPPLE. Were you present on the morning of December 20 when Mr. Secretary Lansing made an announcement?

Mr. FOX. Yes.

Mr. WHIPPLE. Will the committee stop a moment and take your memory of what was stated? Did you take it stenographically or make minutes of it?

Mr. FOX. No, sir; I never take notes in those conferences. The Secretary probably would not like it. My recollection is that Mr. Lansing made this announcement, giving the inference that it had something to do with the economic condition of the United States and neutrals, and he said it was an important announcement that was being made to belligerents and, in response to inquiry, said that it had nothing to do with peace.

Mr. WHIPPLE. It had nothing to do with peace?

Mr. Fox. It had nothing to do with peace. The question was then brought up as to whether or not the correspondents would have the right or the privilege of informing their offices confidentially of this message. Mr. Lansing first said he did not think that was necessary. The matter was pressed by some of the correspondents, and my own impression is that it was left rather open. As a matter of fact, about half of the correspondents did let their offices know, but others did not. For my own part, I did not say anything about it to my own office, but I would like to explain that my duties at the White House and the State Department are such that I work together with the correspondents at both places. In other words, when an announcement is made like this, the first thing I did was to go to the White House and see if they had any supplementary information, because what Mr. Lansing said was rather vague, and, of course, it was a very important matter. So I went to the White House at once, and my recollection is the first people I saw were Mr. Price and another correspondent, and I said to them: "Have you received any news?" Thinking, perhaps, they had something to supplement it, and they said they did not, and I said: "I understand there is an important announcement to be made at 5 o'clock. These gentlemen are sometimes with me at the State Department and sometimes not. They are all a sort of a clique, you might say, of the correspondents covering this war news, and after I mentioned that and found that they had no news, or they said they had no news, I do not think there was any other development until late in the afternoon when we heard that one of the tickers had announced that the peace note was coming, and we went into see Mr. Lansing then, or waited outside of his office, and he said that the note—he sent out word he could not say anything to us now, but would see us at half past three, I believe, and then we got the note later.

Mr. WHIPPLE. Now, you have not told us all that you said to Mr. Price, have you?

Mr. Fox. Well, my recollection is that I said to Mr. Price, "Have you received any news here?" just about like that, and he said, as I recollect it, he said, "No;" and I said, "Well, Mr. Lansing is to have an important statement this afternoon." I think that he said then, "What is it about?" and the other correspondent also, and I repeated my version as I have given it to the committee—that I thought that the explanation was it was on the economic conditions.

Mr. WHIPPLE. Did you tell him that Secretary Lansing had stated that it did not have to do with peace?

Mr. Fox. Yes. I am pretty sure I stated that; and, I of course, also stated that it was strictly confidential. I mean, among us.

Mr. WHIPPLE. Why, if it was confidential, did you say it to Mr. Price and the other correspondent?

Mr. Fox. Well, any information given confidentially—I would not for a moment consider that the confidence applied to these particular newspaper correspondents who do this line of work. For instance, sometimes I—myself might be late, and very often am. I come in and say, "What has happened?" I would feel it almost a duty of one of my conferees to tell me anything that had happened even though given in confidence.

Mr. WHIPPLE. Is this it? To anyone else who had the same right to hear the confidence that had been given to you, you would impart in a friendly way if he happened to be late, or did not happen to be there, what you had heard?

Mr. Fox. Yes; expecting in this way that I was imparting this information in the hope of getting possibly some information for my own paper from the White House, you see, because they might have something to exchange there.

Mr. WHIPPLE. What was your expectation or statement with regard to being disclosed to brokers or anybody else?

Mr. Fox. I had no thought at all of that.

Mr. WHIPPLE. Did you know that Mr. Price was under this employment which he has explained this morning?

Mr. Fox. I do not know, and I have not heard the explanation. I did not know that he is under any employment.

Mr. WHIPPLE. He said he was under an engagement where certain things, as he heard of them, he would report to a couple of brokers in Chicago.

Mr. Fox. I never had any information of it.

Mr. WHIPPLE. Then, I understand, you imparted the information to another newspaper man whom you thought was entitled to know it and would keep it in the same confidence you had it?

Mr. Fox. Oh, I naturally assumed that; but I would like to just add here that there were other correspondents besides Mr. Price.

Mr. WHIPPLE. Now, who were they?

Mr. PRICE. Well, I understand that Mr. Claggett, of the Associated Press, was there.

Mr. WHIPPLE. Did he participate in the conversation?

Mr. Fox. He, as I remember it, participated in the conversation with me.

Mr. WHIPPLE. And in Mr. Price's presence?

Mr. Fox. In Mr. Price's presence; yes, sir.

Mr. WHIPPLE. Then, you three were talking?

Mr. Fox. As I remember it; yes.

Mr. WHIPPLE. Were there more within earshot?

Mr. Fox. I do not think so.

Mr. WHIPPLE. Then, Mr. Claggett, of the Associated Press, and Mr. Price and you were the participants in this conversation?

Mr. Fox. As I remember it; yes.

Mr. WHIPPLE. Mr. Claggett had not heard the Secretary's announcement? He is at the white House?

Mr. Fox. He is at the White House; yes.

Mr. WHIPPLE. And therefore you were speaking to both of them?

Mr. Fox. To both of them; yes.

Mr. WHIPPLE. Now, may I direct your attention to this:

Am informed that State Department contemplates making public late this afternoon important statement bearing on economic situation of European war as affecting neutrals, object being to indirectly promote peace prospects through bringing neutrals closer together.

Did you impart any of that information, and if so, what part?

Mr. Fox. Not that I know of. I did not impart any information excepting as I have explained to the committee. Of course I have no idea where this came from.

Mr. WHIPPLE. I am showing you Price Exhibit No. 2. That is the second telegram, the one sent to Finley, Barrell & Co., signed "Spencer."

Mr. Fox. Yes.

Mr. WHIPPLE. Now, will you look at the other, the important part of which I will read:

Have information that important State Department statement regarding economic conditions of European war as affecting neutrals and intended to promote peace prospects likely to become public late this afternoon.

Now, did you state anything to the effect that the State Department statement was intended to promote peace prospects?

Mr. Fox. So far as I recollect, we may have expressed the opinion that Mr. Lansing's statement that it had nothing to do with peace looked rather strange and was probably not to be taken at its face value. I have a vague recollection that something was said as to that.

Mr. WHIPPLE. But it is true that the Secretary had said just the opposite; in substance, that it had nothing to do with peace.

Mr. Fox. Yes; just the opposite.

Mr. WHIPPLE. But you have a vague recollection that your speculation was to the effect——

Mr. Fox (interposing). I have a vague recollection that something was said, but I am not certain about that. I know that it was the general impression that it must have some bearing on peace in some way.

Mr. WHIPPLE. Is a Mr. Reynolds a representative also of your journal in Washington?

Mr. Fox. Mr. Reynolds is representing the Evening Sun.

Mr. WHIPPLE. Where was he at this time?

Mr. Fox. He was at the conference.

Mr. WHIPPLE. He was before Mr. Secretary Lansing?

Mr. Fox. Yes, sir.

Mr. WHIPPLE. And you were there also?

Mr. Fox. I was there also; yes, sir.

Mr. WHIPPLE. Do you know whether Mr. Reynolds sent to the Evening Sun a statement with regard to the Secretary's announcement?

Mr. Fox. My understanding is that Mr. Reynolds did send a statement in confidence to the Sun.

Mr. WHIPPLE. But you did not?

Mr. Fox. I sent none. I can explain that. Mr. Reynolds did. I did not know he was going to send it, but Mr. Reynolds works for the Evening Sun, and his work is more pressing—his paper goes to press about 4 o'clock in the afternoon, and so I imagine that he followed the example of the other afternoon newspaper men and did inform their offices in confidence, whereas I had more time and decided also, as I had a little bit of doubt as to whether or not permission had been granted. I just did not make any mention of it at all.

Mr. WHIPPLE. Did you see Mr. Reynolds's telegram to the Sun?

Mr. Fox. No; I heard about it, but I did not see it. I heard that he had sent it in confidence and had advised the office under no conditions to use any part of it. I am not certain that he did send a

telegram. It may have been, now that I think of it, it may have been a telephone message. I do not know. I just heard of it.

Mr. WHIPPLE. But Mr. Reynolds is in the city?

Mr. Fox. Oh, yes; he is in the city, and he will know.

Mr. WHIPPLE. Was there anyone except Mr. Reynolds there who was a representative of the Sun—Mr. Reynolds and yourself?

Mr. Fox. There was no one else at the conference.

Mr. WHIPPLE. Do you remember that part of Secretary Lansing's statement in which he said that he was giving it out or making this statement so as to prevent the printing of garbled portions of it that might leak back in this country from the countries to which it had been sent?

Mr. Fox. Yes; I remember that very distinctly.

Mr. WHIPPLE. Then, apparently, that could not be prevented unless the editors knew of the statement that he was making? In other words, if the reporters kept it secret in Washington——

Mr. Fox (interposing). That could not be prevented; no.

Mr. WHIPPLE. And if garbled reports should come to the newspapers they would publish it unless they knew the object of the Secretary's announcement? That indicated that it might go in confidence to the editors?

Mr. Fox. Yes, sir.

Mr. WHIPPLE. And you remember that part of his statement?

Mr. Fox. Yes.

Mr. WHIPPLE. Unless you think of something further that you want to state about it, I think that is all.

Mr. Fox. I do not think of anything, Mr. Chairman.

Mr. WHIPPLE. Did you tell Mr. Price and the other correspondents that the note was not to be announced until 5, or until after the market closed?

Mr. Fox. I did not used the words "until after the market closed." I said "at 5 o'clock."

The CHAIRMAN. In view of the fact that you did not hear Mr. Price's testimony, which was to the effect that he had been receiving \$25 a month from two brokerage concerns in Chicago, don't you think it would be fair to you to give you an opportunity to state whether or not you represented any brokerage concerns yourself or participated in this matter with him? You need not answer it unless you want to.

Mr. Fox. I would want to answer it. I never have represented any brokerage concern or any other concern except the paper for which I work.

The CHAIRMAN. The Chair thought it would be fair to give you an opportunity to answer that question, inasmuch as Mr. Price sent out this information, he says, on the statement that you had made to him.

Mr. Fox. Yes.

The CHAIRMAN. Then, if you had known that, what would have been your course in regard to giving him information?

Mr. Fox. Well, if I had known that—if I thought he would hand it out, I do not know whether I would—I think I would have done just the same, because I would have relied upon his——

The CHAIRMAN. If you had known that he was in the employ of these brokerage concerns, and that he felt it his duty to send it out to rush it by telegram because of its importance and by reason of

the fact that he was employed by those concerns, then what would have been your course?

Mr. Fox. Well, I do not think I would have thought of that aspect of it at all. I mean, the idea of it affecting the market did not occur to my mind at that time, and all of the men with whom I work are men who have had all sorts of confidences in the past, and the idea has never occurred to me that they might misuse it. So I do not think I would have hesitated to do just as I did.

The CHAIRMAN. You think you would have made the statement about a confidential communication just the same, then, to a man who was employed to give the news to the brokerage concerns as quickly as possible in order that they might shape their conduct thereupon?

Mr. Fox. Not if I looked at it that way, I would not.

The CHAIRMAN. I say, if those things had come to your mind?

Mr. Fox. Oh, certainly not; but I was only saying that that idea never occurred to me at all.

The CHAIRMAN. I am not undertaking to pass on Mr. Price's conduct or anyone else's, but I just thought you would like to discuss that phase of it or make some answer about it, because you did not hear his testimony.

Mr. GARRETT. Did you tell anybody else except Mr. Price and this other gentleman—the Associated Press man—about this matter? If so, whom?

Mr. Fox. I do not think I did; so far as I remember, I did not. I discussed it all day, of course, with the newspaper men, and there may have been some newspaper men who were not present at the conference with whom I talked later, but I do not remember that I did at this time. I was at the department all day, or the White House.

Mr. GARRETT. Do you remember specifically the name of any other person besides the two you mentioned to whom you spoke of this matter?

Mr. Fox. I remember no one excepting those in the conference.

Mr. GARRETT. That is all.

Mr. WHIPPLE. As I understood the chairman's question, it was this, or the point of it was this: If you had known that any gentleman was giving out to the brokers news that they might use as advance information to make money out of the market, would you have imparted this confidence to him just because he was also a newspaper man? That is the point of the question, I think.

The CHAIRMAN. Yes.

Mr. Fox. If I had thought of it as you put it, I would not.

Mr. WHIPPLE. That is what the chairman, I am sure, wanted to get at.

The CHAIRMAN. Yes.

Mr. WHIPPLE. That is, you would not have thought it was proper to use that sort of information for brokers?

Mr. Fox. Oh, certainly not.

Mr. WHIPPLE. But you would not have given it to any one who you knew would be likely thus to use it?

Mr. Fox. No, sir; I would not.

Mr. WHIPPLE. Even if he were a newspaper man, or even if he were an editor?

Mr. Fox. No; but I would imagine that that would be a question of this man's judgment.

Mr. WHIPPLE. Yes; but the question was that if you knew he was under an obligation by reason of the contract to deliver news——

Mr. Fox (interposing). No. Although I mean to say that if I had not given this news out and had not spoken to these gentlemen as I did, within five minutes somebody else would have done the same thing.

Mr. WHIPPLE. Would they if they had thought it was to be immediately used to benefit some brokers?

Mr. Fox. I do not know.

The CHAIRMAN. You are excused. Mr. Whipple, the committee think it advisable to take a recess until 3 o'clock. There will be a joint session of the Senate and House, and we feel that we should attend that so we will resume at 3 o'clock, and we will want Mr. Ellis present at that time.

(Thereupon the committee took a recess until 3 o'clock this afternoon.)

AFTER RECESS.

The CHAIRMAN. The committee will be in order. Who is your next witness, Mr. Whipple?

Mr. WHIPPLE. Mr. Roper.

The CHAIRMAN. Mr. Roper will come forward.

TESTIMONY OF EDWIN ARTHUR ROPER.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name, Mr. Roper?

Mr. ROPER. Edwin Arthur Roper.

Mr. WHIPPLE. Where do you live?

Mr. ROPER. 1353 Sheppard Street, NW.

Mr. WHIPPLE. What is your business or occupation?

Mr. ROPER. I am a telegrapher.

Mr. WHIPPLE. How long have you followed that occupation?

Mr. ROPER. Since I was 14. I am now 44.

Mr. WHIPPLE. And always in Washington?

Mr. ROPER. From New York City to Denver.

Mr. WHIPPLE. How long have you been in Washington?

Mr. ROPER. The last time about two years.

Mr. WHIPPLE. For whom have you been working during that time?

Mr. ROPER. For different firms. W. B. Hibbs & Co., F. A. Connolly & Co., and various other corporations or firms.

Mr. WHIPPLE. For whom are you now working?

Mr. ROPER. F. A. Connolly & Co.

Mr. WHIPPLE. How long have you worked for them?

Mr. ROPER. Since the inception of the firm—August 15 of last year.

Mr. WHIPPLE. Do you remember when their private wire from New York to Washington was installed?

Mr. ROPER. When the firm was organized, the 15th of August last year.

Mr. WHIPPLE. I had understood that that private wire was put in later, because the southern wire, so called, had been used by the firm?

Mr. ROPER. I did not understand you to make the difference between the southern wire and the private wire. They are all private wires. The Washington local was installed when the business was opened, on the 15th of August last year.

Mr. WHIPPLE. And they had a connection with New York on the southern wire, so called, before the local Washington wire was installed?

Mr. ROPER. The southern wire was the original wire.

Mr. WHIPPLE. Have you been continuously in the employ of Connolly & Co. since that?

Mr. ROPER. Ever since the firm was organized.

Mr. WHIPPLE. Have they any other telegrapher?

Mr. ROPER. No, sir.

Mr. WHIPPLE. What are your hours?

Mr. ROPER. Eight o'clock in the morning until midnight; Sundays included.

Mr. WHIPPLE. On this private wire? They do not do business Sundays, do they?

Mr. ROPER. Like a bank, the banking end of the business is from 10 to 3, but the business has to be attended to until you get clear. The market opens at 10 and closes at 3, and we work until everything is cleared off.

Mr. WHIPPLE. What would employ you on Sunday?

Mr. ROPER. Helping the bookkeeper clear up the accounts.

Mr. WHIPPLE. Not any telegraphing?

Mr. ROPER. I do everything at the office.

Mr. WHIPPLE. Who is the bookkeeper at the office?

Mr. ROPER. Mr. Walter White.

Mr. WHIPPLE. Is he still with the concern?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. Now, I will direct your attention to the month of December last, and along during the week of the 18th, and I will suggest to you that the President's note, as it has been called, to belligerents and neutrals was sent out on December 21. During that week you were operating the wires for F. A. Connolly & Co.?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. Now, prior to the 20th had you been sending messages over the wire to Hutton & Co., of New York, having to do with things other than merely the quotations and orders to buy and orders to sell?

Mr. ROPER. Yes, sir; that is a part of every broker's business; besides quotations and orders we send in news that might affect the securities of the market world.

Mr. WHIPPLE. Had you been sending such messages prior to the 20th?

Mr. ROPER. We sent in news we got prior to the 20th or after the 20th that we think will affect the stock market.

Mr. WHIPPLE. Now, I am only asking you about messages prior to the 20th.

Mr. ROPER. If we had any to send, if we had any news that we thought would affect the security market, we sent it.

Mr. WHIPPLE. Did you send them?

Mr. ROPER. Yes, sir; I think so.

Mr. WHIPPLE. Sending them frequently, were you not?

Mr. ROPER. If we had frequent news. I do not remember whether there was 10 a day or a hundred a day. I do not know.

Mr. WHIPPLE. Were there a good many?

Mr. ROPER. I do not know what you call a good many.

Mr. WHIPPLE. I should say a hundred a day.

Mr. ROPER. Not a hundred a day.

Mr. WHIPPLE. Ten a day?

Mr. ROPER. I would not say they average 10 a day.

Mr. WHIPPLE. Who gave you the messages to send?

Mr. ROPER. Mr. Connolly gave the messages to send, as a rule.

Mr. WHIPPLE. Do you mean that he dictated them himself?

Mr. ROPER. Sometimes he dictated them and sometimes I would make out the messages myself.

Mr. WHIPPLE. Anyone else?

Mr. ROPER. Mr. Robertson, as a member of the firm, would send business messages. I do not know whether you would differentiate between business and personal messages.

Mr. WHIPPLE. Anyone else?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. Name some.

Mr. ROPER. J. Fred Essary would send some. Let me explain that. The stuff was signed by Mr. Essary sometimes with a pencil or pen and sometimes with a typewriter. I have not had the pleasure of meeting Mr. Essary. A gentleman came in and handed this in, and I have understood it was Mr. Essary.

Mr. WHIPPLE. By whose authority did you send messages for Mr. Essary?

Mr. ROPER. I got all of my instructions from Mr. F. A. Connolly or other members of the firm.

Mr. WHIPPLE. What did Mr. Connolly tell you on the subject?

Mr. ROPER. He told me that if Mr. Essary came there with any messages to send them out.

Mr. WHIPPLE. To what extent did Mr. Essary ever give messages to be sent over this private wire to Hutton prior to December 20?

Mr. ROPER. I do not know when he started—the exact date—but every once in a while he would have some kind of gossip.

Mr. WHIPPLE. Sometimes he gave it in person to you?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. How was it handed to you when he gave it in person?

Mr. ROPER. He would come in the office there.

Mr. WHIPPLE. And hand you a typewritten sheet?

Mr. ROPER. Some was typewritten; pretty much of them were typewritten.

Mr. WHIPPLE. And he would hand it to you?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. And you would send it over the wire?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. When some one else handed you productions of Mr. Essary, how was that—typewritten?

Mr. ROPER. When he handed me what?

Mr. WHIPPLE. Productions—these papers signed by Mr. Essary. You said Mr. Connolly would sometimes hand you a paper signed by J. Fred Essary in December?

Mr. ROPER. Yes.

Mr. WHIPPLE. Now, how were those—typewritten?

Mr. ROPER. I think most of them were not typewritten.

Mr. WHIPPLE. When you sent the messages, would the name which you signed——

Mr. ROPER (interposing). Sometimes I did not sign them at all. We are in the habit of sending that stuff without signing anything. Probably it was signed "F. A." and sometimes it is signed "Essary," and sometimes "Frank." It all depends on how busy we are. If we are real busy there would be no signature.

Mr. WHIPPLE. Some were signed "F. A." and some "Essary"?

Mr. ROPER. Yes, sir; and some not signed.

Mr. WHIPPLE. But those things that Mr. Essary sent or gave to you or dictated to you were regarding what subjects, speaking generally?

Mr. ROPER. General news of the world and events.

Mr. WHIPPLE. And events here in Washington?

Mr. ROPER. Well, if anything happened here in Washington during that period that we thought would be of importance to the financial markets of the world, I presume so.

Mr. WHIPPLE. Don't you remember that he did hand in such papers or such a paper?

Mr. ROPER. Such a paper as what? He handed in several papers. He handed in lots of stuff.

Mr. WHIPPLE. I am talking now about events here in Washington that might effect the stock market.

Mr. ROPER. Well, you showed me a message this morning. Get it and let me look at it, and I will tell you.

Mr. WHIPPLE. I am going to do that in a minute, but I want to search your memory as to these things you describe as "lots of stuff."

Mr. ROPER. I could not remember what all of that stuff was, because we handled thousands of words of that stuff.

Mr. WHIPPLE. Thousands of words of what stuff?

Mr. ROPER. Of gossip about the market.

Mr. WHIPPLE. That is, signed by Essary, or handed in by Essary?

Mr. ROPER. Oh, yes.

Mr. WHIPPLE. What I am talking about now is the "lots of stuff" which you said was either handed in or signed by Essary. What was its character?

Mr. ROPER. Words affecting the financial market.

Mr. WHIPPLE. Words from the State Department?

Mr. ROPER. I do not know where they come from. Where they originated from I do not know anything about that.

Mr. WHIPPLE. With regard to matters here in Washington affecting the market? That is it?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. The happening of events in Washington, either legislative or executive, that might effect the market? That is it?

Mr. ROPER. Yes; he might have written on some other subjects, I do not remember.

Mr. WHIPPLE. There were a great many on that subject?

Mr. ROPER. I do not know. If you will show me a copy of the messages, I will tell you.

Mr. WHIPPLE. What do you do with the copies?

Mr. ROPER. I lay them on the telegraph table when I send them.

Mr. WHIPPLE. Are there any of them preserved?

Mr. ROPER. I do not think so.

Mr. WHIPPLE. Since they are gone, I am sure the committee would like to have you state the substance of them, because you saw them and I did not.

Mr. ROPER. I can not remember them. If I had that memory I would not be working for Connolly & Co.

Mr. WHIPPLE. Won't you tell us in substance what they were?

Mr. ROPER. I wish I could. If I could I would be worth a million.

Mr. WHIPPLE. Were they on events happening down here in Washington from the different departments, either legislative or executive, that were likely to affect the stock market?

Mr. ROPER. They were mixed.

Mr. WHIPPLE. Some of them were of that kind?

Mr. ROPER. They were mixed.

Mr. WHIPPLE. Do you know who Mr. Essary is?

Mr. ROPER. I am doubtful if I could identify him, and it is very distasteful to me to come up and testify. There is always a thorn in a bunch of roses.

Mr. WHIPPLE. Who told you who he was?

Mr. ROPER. Some one in the office told me "That is Essary."

Mr. WHIPPLE. Did not Mr. Connolly tell you?

Mr. ROPER. He might have been one of the gentlemen who told me.

Mr. WHIPPLE. He told you to take them from this gentleman?

Mr. ROPER. Yes, sir; that is correct.

Mr. WHIPPLE. How frequently was Mr. Essary in your office prior to December?

Mr. ROPER. Every day or every other day.

Mr. WHIPPLE. Did he have any usual time in coming in?

Mr. ROPER. No, sir.

Mr. WHIPPLE. Did you know whether he was interested in the market?

Mr. ROPER. He did not have any account with Connolly & Co.

Mr. WHIPPLE. And you do not know his relation with Connolly & Co.?

Mr. ROPER. Nothing except what I have stated, that he brought gossip in there.

Mr. WHIPPLE. But you do not know what his engagements were?

Mr. ROPER. I do not.

Mr. WHIPPLE. Were you told that he was connected with a metropolitan newspaper?

Mr. ROPER. I was.

Mr. WHIPPLE. Won't you tell us what you were told and who told you?

Mr. ROPER. Tell what?

Mr. WHIPPLE. What newspaper he was connected with?

Mr. ROPER. Somebody said Essary was with the Baltimore Sun, I think.

Mr. WHIPPLE. Who told you that?

Mr. ROPER. I do not know.

Mr. CHIPERFIELD. What is the rest of your answer?

Mr. ROPER. The Baltimore Sun and the Associated Press and the Press Club. Somebody said that, but I have been connected with the Associated Press, and he was not there then. I think Mr. Stone was with the Associated Press.

Mr. WHIPPLE. You were told and understood that he was the local representative of the Baltimore Sun?

Mr. ROPER. Yes, sir; I was told that when I was in the office, and sometime within the last three months I was told that.

Mr. WHIPPLE. You learned it as he came in from day to day?

Mr. ROPER. I think so.

Mr. WHIPPLE. I show you a copy of a telegram, or a copy of what it was said was a copy of a telegram, but I do not know that I explained to you just what it was; let me say—I am referring, Mr. Chairman and gentlemen, to Exhibit H4—that this purports to be a telegram written by Mr. Ellis, who sits here [indicating], of Hutton & Co., on a blank of E. H. Hutton & Co., which he sent out to all or many of their correspondents, and it has been said that the telegram was practically a reproduction of the telegram sent from the Connolly office at some time. Now, without your assuming that it was actually sent out over the private wire, I will ask you what you know about it. Now, let me read it:

Rod and all. We are confidentially informed that a highly important message to all belligerents and neutrals has been issued from Washington. Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon. Full text to be given out to-night, and will be looked on as a move of great moment.

G. A. E., JR.

Now, do you remember of seeing in your office any copy of a telegram substantially in that form?

Mr. ROPER. Not substantially altogether; no, sir. If I would handle it I would not remember it all. I handle thousands and thousands.

Mr. WHIPPLE. Do you remember any part of it?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. From whom did you receive that part that you remember?

Mr. ROPER. The gentleman called J. Fred Essary.

Mr. WHIPPLE. How was it handed to you?

Mr. ROPER. From Mr. Essary's hand to mine.

Mr. WHIPPLE. How was it written out in what he handed to you?

Mr. ROPER. A typewriter, signed Essary; also typewritten on the back of a Postal Telegraph blank—not a regular blank but a special or a press blank. There are three or four kinds of those blanks. It was on the reverse side of this blank.

Mr. WHIPPLE. What did you do with this paper handed to you by Mr. Essary in the way you have described?

Mr. ROPER. I sent it on one of the wires.

Mr. WHIPPLE. And what became of the paper?

Mr. ROPER. It was thrown on my desk and probably destroyed that evening or destroyed later.

Mr. WHIPPLE. Can you remember when you sent it—that particular message on that particular paper? Aside from looking at that, can you remember when you sent it? I am going to let you look at

that later. I am going to test your memory now, aside from looking at that, as to when the Essary message, which you say resembles that in part, was sent by you over your wire.

Mr. ROPER. How long will you give me to think it over?

Mr. WHIPPLE. As long as you want, provided you do not look at that.

Mr. ROPER. I think it was on December 20.

Mr. WHIPPLE. What makes you think so?

Mr. ROPER. Well, I do not know. My memory just tells me that.

Mr. WHIPPLE. How does your memory tell you that it was the 20th instead of the 18th or 19th?

Mr. ROPER. Well, one of these days might have been a Sunday, and it was not on a Sunday.

Mr. WHIPPLE. Neither of those days was a Sunday, so we are all right on that.

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. Now, how can you tell that the Essary message, signed by J. Fred Essary—

Mr. ROPER (interposing). Just signed "Essary."

Mr. WHIPPLE. Just signed "Essary"?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. How can you tell it was the 20th rather than the 18th or the 19th?

Mr. ROPER. I was figuring this right close. My birthday was on the 21st of January, and I was figuring on what I would get for my birthday present.

Mr. WHIPPLE. When did you begin figuring on it?

Mr. ROPER. I began figuring away back in November.

Mr. CHIPERFIELD. Is the witness really in earnest in that answer?

Mr. ROPER. Certainly I am in earnest. My birthday is on the 21st of January.

Mr. CHIPERFIELD. I just wanted to know if you were to be taken seriously.

Mr. ROPER. Well, take it seriously.

Mr. WHIPPLE. Can you enlighten the committee any more whether it was the 20th rather than the 18th or the 19th?

Mr. ROPER. I think it was the 20th. I do not think there is anything wrong with that. You ask me these questions. What do you want me to say?

Mr. CHIPERFIELD. I do not know what the wishes of the committee are at this particular time, but I think the witness should treat his testimony with a little bit more seriousness than he has. I am not impressed with his testimony at all, and, for one, when he takes the obligation of an oath, it should be a matter of importance.

The CHAIRMAN. The committee is engaged in a very serious investigation. You should answer the questions that are propounded to you in a serious way. Answer the questions as seriously as you can. This committee is not indulging in levity, and if you are indulging in levity we do not care to have that. I think the point made by Mr. Chiperfield is well taken. Proceed, Mr. Whipple.

Mr. WHIPPLE. Now, you get what I asked, and that is, if you can state any fact or circumstances which enables you to fix the sending of that telegram which you have described as similar in part to H4 on the 20th of December rather than on the 18th or 19th?

Mr. ROPER. Well, my memory tells me that it was the 20th. That is a serious answer.

Mr. WHIPPLE. That may be serious, but perhaps it is not very satisfactory. The question is, why your memory tells you that, rather than tells you that it was the 18th or the 19th?

Mr. ROPER. If I remember it, and remember it correctly, it tells me the 20th. My memory would not tell me it was the 18th if it was the 20th.

Mr. WHIPPLE. Memory has to act with some things that refresh it or fix it, usually. Have you anything that enables you to fix it at one day rather than another?

Mr. ROPER. My very business teaches you that. The stock market broke the following day, and that was the 21st. That is the answer.

Mr. WHIPPLE. Now, you fix it by the breaking of the stock market?

Mr. ROPER. Yes; and probably other things.

Mr. WHIPPLE. Was not there a break on the 18th and 19th?

Mr. ROPER. Yes, sir; I think so. Probably there was one on the 12th, too. There are lots of breaks.

Mr. WHIPPLE. Can you tell with reference to which day it was by any break in the stock market?

Mr. ROPER. I think the stock market had a break on the 21st, and I think that message was sent the day before.

Mr. WHIPPLE. That is very good. That is the way you fix it, do you?

Mr. ROPER. That is one reason. I perhaps have other reasons. My birthday was just as serious an answer.

Mr. WHIPPLE. Have you talked it over with people?

Mr. ROPER. Yes; lots of people.

Mr. WHIPPLE. Have you talked it over with Mr. Essary?

Mr. ROPER. I never talked to Mr. Essary in my life.

Mr. WHIPPLE. Have you talked it with Mr. Connolly?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. When?

Mr. ROPER. Since Mr. Connolly has been to New York.

Mr. WHIPPLE. Since Mr. Connolly has been to New York you have talked over with him the date that was sent?

Mr. ROPER. I do not know as to the date. We have talked over this investigation in a general way.

Mr. WHIPPLE. Did he tell you that he had testified in New York under oath that he had dictated that message standing right by you, founded upon gossip at the office, within a few minutes after he had read the flash?

Mr. ROPER. He did not say anything founded on that. He said that he had dictated a message to me?

Mr. WHIPPLE. Did he say that he had dictated that message?

Mr. ROPER. He did not dictate that message to me.

The CHAIRMAN. That was not the question.

Mr. WHIPPLE. Did he tell you that he had testified under oath in New York that he had dictated that message to you?

Mr. ROPER. He did not tell me anything that he testified under oath. He never used that expression. I did not know that he was under oath.

The CHAIRMAN. The chair wishes to admonish you again that you are going to be treated justly here, with all the consideration to

which you are entitled. Every right is going to be preserved, but you must proceed in an orderly way and not defy this committee. Now, let us see if you can not do it.

Mr. ROPER. Can I say something to you now?

The CHAIRMAN. Yes.

Mr. ROPER. I came in here at noon in response to a subpoena or a paper, and Mr. Whipple told me that I had better have a good memory when I got on the stand. May I ask if that is a threat or what is it? I can not force my memory. I am simply nature. If my memory tells me these things, I can not help it.

Mr. CHIPERFIELD. I think the advice was very well given to you.

Mr. WHIPPLE. I did say that if you ever exercised your memory in your life to get the truth you should do it on this day, didn't I?

Mr. ROPER. I will simply tell——

Mr. WHIPPLE (interposing). Pardon me. Did not I say to you that if you ever exercised your memory in your life that this is the day you should do it?

Mr. ROPER. All I said——

Mr. WHIPPLE (interposing). No; pardon me. Did not I say to you that if you ever exercised your memory in your life to-day was the day to do it?

Mr. ROPER. I do not remember the conversation. It sounded very much like a threat to me, but I may be mistaken.

Mr. CHIPERFIELD. Mr. Chairman——

The CHAIRMAN (interposing). Do not argue with the counsel. Proceed with the investigation.

Mr. WHIPPLE. Now, then, will you take that paper that is by you and point out any parts of it which you remember having been on the slip that Mr. Essary handed you at any time?

Mr. ROPER. The last paragraph there—seems to me that I have heard it or seen it or telegraphed it before. I do not recognize the first part of it.

Mr. WHIPPLE. Read the part of it that you remember being on a slip that Mr. Essary handed you.

Mr. ROPER. Being on a slip that Mr. Essary handed me? I do not know whether it was on a slip that Mr. Essary handed me or whether it was on a message that Mr. Essary handed me, but I am sure it must have been in an Essary message or a Connolly message; but I think I handled this paragraph in some message on the 20th of December. Whether it was signed Essary or Connolly or F. A. I do not know positively.

Mr. WHIPPLE. Have not you said, when I asked you about that paper, that you recognized the latter part of it?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. And when I asked you how you got it you said it was from a paper handed to you by Mr. Essary?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. Do you stick by that statement or change it?

Mr. ROPER. No, sir.

Mr. WHIPPLE. If you stick by that, tell us the part that was on the Essary paper.

Mr. ROPER. Yes; but I am not sure about that, whether it was the Essary paper or the Connolly paper, or both. I ain't got this memory thing down like that. I recognize that paragraph.

Mr. WHIPPLE. I thought you said you recognized that paragraph as being on the Essary paper.

Mr. ROPER. I ain't got it down that fine. I remember this last paragraph.

Mr. WHIPPLE. Read it.

Mr. ROPER (reading) :

Full text to be given out to-night and will be looked on as a move of great moment.

Mr. WHIPPLE. Full text of what?

Mr. ROPER. It says, "Full text to be given out to-night," and it don't say what.

Mr. WHIPPLE. Was not there anything else in the telegram you sent except "Full text to be given out to-night"?

Mr. ROPER. Yes; this paragraph was in it.

Mr. WHIPPLE. Was not there anything else but that paragraph?

Mr. ROPER. Yes; there was something in that message I sent besides this paragraph.

Mr. WHIPPLE. What was it?

Mr. ROPER. I do not know. You must think I am a wonder. I think I am doing well to remember that.

The CHAIRMAN. You certainly know how to answer questions.

Mr. ROPER. I do the best I can.

The CHAIRMAN. That is not permissible.

Mr. ROPER. What is not permissible?

The CHAIRMAN. To argue with counsel or with the committee.

Mr. ROPER. I have answered him. I told him I do not remember the rest of it, and I do not.

Mr. WHIPPLE. You recognize, then, that in the Essary paper there was this closing sentence :

Full text to be given out to-night, and will be looked on as a move of great moment

Mr. ROPER. I think that was signed "Essary." It might have been "Connolly" or both of them.

Mr. WHIPPLE. There was something that preceded in the telegram referred to to which "full text" referred. What was it?

Mr. ROPER. I do not remember. I wish I could. I would tell you. You would not have to ask me twice.

Mr. WHIPPLE. In substance what was it?

Mr. ROPER. I do not know. I could not frame a sentence to fill it in.

Mr. WHIPPLE. Did you send at any time on the 20th, or the 18th, or 19th, over the Washington private wire, that message, or that in substance?

Mr. ROPER. I said I remember the last paragraph of it. I could not say whether I sent that message or not. I do not remember the first part of that message. I could not recognize it. I remember the last paragraph of it. I must have sent the last paragraph practically word for word in some message, either signed Connolly or Essary or both.

Mr. WHIPPLE. And the first you do not remember sending?

Mr. ROPER. No, sir.

Mr. WHIPPLE. At all?

Mr. ROPER. Sir?

Mr. WHIPPLE. And the first part you do not remember sending at all?

Mr. ROPER. I do not remember it at all.

Mr. WHIPPLE. Let me read it, and will you take notice as I read it, and I will ask you after each sentence if you sent that or anything like it?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE (reading) :

We are confidentially informed that a highly important message to all belligerents and neutrals has been issued from Washington.

Do you remember ever sending any such message as that?

Mr. ROPER. No, sir; I do not remember.

Mr. WHIPPLE (reading) :

Interpreted not as pressure on belligerents on behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon.

Do you remember sending that sentence or anything like it?

Mr. ROPER. No, sir; I do not. I remember that sentence with the "great moment" in it. That is all.

Mr. WHIPPLE. Pardon me. Do you remember sending that sentence or any part of it over your private wire?

Mr. ROPER. I do not remember that part of the message at all.

Mr. WHIPPLE. You notice the language that is used, do you not?

Mr. ROPER. I notice the last paragraph.

Mr. WHIPPLE. No; you notice now the language that is used and the character of it?

Mr. ROPER. Yes; I do.

Mr. WHIPPLE. Don't you notice that it is an impressive statement with regard to an international matter of the gravest moment?

Mr. ROPER. No. I do not recognize that. I am too illiterate to recognize that. I am not smart enough. I have not had the education.

Mr. WHIPPLE. I see. You do not recognize that a statement by the President of the United States to all belligerents and neutrals interpreted not as a pressure on belligerents but in behalf of peace, and as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon—you have not literacy enough to appreciate that as being an impressive message of importance?

Mr. ROPER. I recognize the last paragraph. You say it says the President of the United States in that message. Where in that message does it say that?

Mr. WHIPPLE. No.

Mr. ROPER. I think that is the way you read it.

Mr. WHIPPLE. No; but it is from the President.

Mr. ROPER. But you are reading that, and reading "President of the United States," and now you say that it does not appear in there.

Mr. WHIPPLE. Now, that shows how clever and observing you are. Leaving out the President of the United States, but assuming that it came from him, would you recognize that as an impressive message?

Mr. ROPER. I might recognize that last paragraph as very impressive, and I do not think I will ever forget it, not if I live to be a hundred.

Mr. WHIPPLE. But the rest of it you do not recognize now as being impressive as it is read to you?

Mr. ROPER. I do not.

Mr. WHIPPLE. And you could not say that it was ever sent over your wire?

Mr. ROPER. I could not say as to that, except the last paragraph. I feel confident of that.

Mr. WHIPPLE. Can you tell us why you remember so clearly the last paragraph of it?

Mr. ROPER. The words "great moment" seemed to impress me. I will probably remember them forever. That impressed me greatly—"great moment"; yes, sir. I can not forget it.

Mr. WHIPPLE. And that was in an Essary message?

Mr. ROPER. I say now that it is not exactly clear. It might have been in an Essary or a Connolly message, or both, but I think it was in an Essary message. That is as near as I can come to it.

Mr. WHIPPLE. You have mentioned Mr. Bolling in this behalf.

Mr. ROPER. Would you like me to get up and make a little statement in Mr. Bolling's behalf?

Mr. WHIPPLE. That is entirely in the hands of the committee. I was going to ask if Mr. Bolling—

Mr. ROPER (interposing). He never did. He never knew that it was sent.

Mr. WHIPPLE. Where was Mr. Connolly at the time this message was sent?

Mr. ROPER. In Washington.

Mr. WHIPPLE. Washington is so large.

Mr. ROPER. Do you mean that he was in the office every minute? He was in and out of the office. He was in the city all the time.

Mr. WHIPPLE. Did not you say just before noon that when this message was sent Mr. Connolly was not in the office?

Mr. ROPER. What do you mean by where he was—that day from 10 to 3?

Mr. WHIPPLE. You knew when I asked you at 1 o'clock what I meant, and I asked you then where was Mr. Connolly when that part of the message which you remember was sent, and you said then, did you not, that he was not in the office at all?

Mr. ROPER. I do not think so. I think he was out to lunch when one of those messages was sent. There were two messages sent, Mr. Connolly's message and the Essary message.

Mr. WHIPPLE. When?

Mr. ROPER. That same day.

Mr. WHIPPLE. I see. When was Mr. Connolly's message sent?

Mr. ROPER. Some time that day, on the 20th of December.

Mr. WHIPPLE. What time?

Mr. ROPER. I do not remember the time. I remember the time of the Essary message and can give it to you to the minute.

Mr. WHIPPLE. That is, there were two messages sent that day?

Mr. ROPER. Exactly; probably three; but I remember at least two.

Mr. WHIPPLE. There were two at least, and one was the Essary message?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. And the other was the Connolly message?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. Which was sent first?

Mr. ROPER. I think the Essary. I think the Essary. I think the Essary.

Mr. WHIPPLE. Now, was the Connolly message written out?

Mr. ROPER. I think so, or part of it was written out; and then he was probably called away by a customer or something and told me to finish it.

Mr. WHIPPLE. Probably was called away by a customer—have you a memory on that?

Mr. ROPER. I can not, but I think so. That has occurred lots of times. He will come up and say, "Send this to Hutton," and some customer will call him away, and he will say, "Ed, finish that and send it to Hutton and sign my name to it."

Mr. WHIPPLE. Will you tell us what was in the message that you say you transmitted to the Hutton office that Mr. Connolly wrote or wrote in part?

Mr. ROPER. No; I do not remember it any more than I remember that message [indicating]. I happen to remember part of that message. I think Mr. Connolly said something like the last paragraph of that message.

Mr. WHIPPLE. Something like the last paragraph of that message?

Mr. ROPER. Yes; the paragraph that I remember. I think I remember something like that which he said. He sent lots of messages.

Mr. WHIPPLE. But I thought you said the last part of it he did not get down.

Mr. ROPER. I did not say he did in that case. I said he did in lots of cases, and he might have in this case. You did not understand me clearly.

Mr. WHIPPLE. I see. Why did it happen in this case, if you say you remember his writing the last part of it?

Mr. ROPER. Writing the last part of it?

Mr. WHIPPLE. Yes. I think you said that was the last part of it—"a matter of great moment."

Mr. ROPER. But I might be remembering it from Mr. Essary's message, and not from Mr. Connolly's message.

Mr. WHIPPLE. How long after Mr. Essary's message was Mr. Connolly's sent?

Mr. ROPER. I could not tell you the interval there.

Mr. WHIPPLE. Which was the longer?

Mr. ROPER. The longer message?

Mr. WHIPPLE. Yes.

Mr. ROPER. I do not know about that. I did not count the words or anything. The words generally run seven or eight words on a line of typewritten stuff. I do not remember how many lines there were on the Essary message. We will say 10 lines, and that would be about 85 words.

Mr. WHIPPLE. How about the other?

Mr. ROPER. Mr. Connolly wrote some, and, I think, he probably told me to finish it up verbally, and I do not know how much he wrote.

Mr. WHIPPLE. What is your best recollection?

Mr. ROPER. I do not know. I would say Mr. Connolly's message was shorter than Mr. Essary's.

Mr. WHIPPLE. What was the Connolly message about?

Mr. ROPER. What was it about?

Mr. WHIPPLE. Yes.

Mr. ROPER. It was about financial conditions in the market, and the news, and what he thought.

Mr. WHIPPLE. What is there here about financial conditions?

Mr. ROPER. That is financial conditions there; that is the part that I remember, "full text to be given out to-night, and will be regarded as move of great moment."

Mr. WHIPPLE. What has that to do with financial conditions?

Mr. ROPER. Everything like that affects the financial conditions. What else affects it? The President of the United States giving out a story of great moment. It seems to me that would affect the finances of the country.

Mr. WHIPPLE. Now, you criticized me for saying that the President of the United States was giving it out, and now you use the same term yourself.

Mr. ROPER. You just told me that it was from the President of the United States, and that is why I know now that it would affect the market.

Mr. WHIPPLE. So that you did not know, when I first talked to you about this, that this was a matter that affected the market at all?

Mr. ROPER. If I thought that it was going to break the market as it did, I would probably have sold a few shares myself.

Mr. WHIPPLE. Tell us the substance of the Connolly message.

Mr. ROPER. I could not tell you any more than I can tell you the first part of the Essary message. This part was impressed on me, and that is why I remember it.

Mr. WHIPPLE. Was it about neutral rights, or what was it about?

Mr. ROPER. That is pretty hard to say. It probably had almost the same words in there as in this last paragraph of this message.

Mr. WHIPPLE. That is, both the messages you sent that day had about the same close?

Mr. ROPER. All of this financial stuff from Wall Street is about the same thing. You can read the New York Sun or the World, and it is all the same.

Mr. WHIPPLE. The sinking of a submarine or the President's message is all the same?

Mr. ROPER. It all affects the market the same.

Mr. WHIPPLE. Don't you have in memory sending a telegram with regard to different matters?

Mr. ROPER. No; If you handled that stuff for 30 years, you would not see any difference in it, either. That is the only message that has struck me since I have been with Connolly Co., since August. That is the only thing I remember. An operator would be in the insane asylum if he tried to remember all of the things that he sent for 30 years.

Mr. WHIPPLE. When was this sent?

Mr. ROPER. 1.35 p. m., December 20.

Mr. WHIPPLE. 1.35 p. m.?

Mr. ROPER. Eastern time.

Mr. WHIPPLE. How do you fix that?

Mr. ROPER. I am a great hand at remembering figures, wonderful at that. I can give you steel at 8 $\frac{3}{4}$ and Pennsylvania at 129 $\frac{3}{4}$. Those things I naturally remember; but you thought I was making fun of the court, but I was not. I was educated in the grammar schools of America, but I am telling you seriously what I can remember and what not.

Mr. WHIPPLE. How do you fix that exact minute as the one at which you sent it?

Mr. ROPER. I timed the message.

Mr. WHIPPLE. What do you mean by that, taking out your watch and looking at it?

Mr. ROPER. I have a clock right in front of me. I do not have to take out a watch. It sits right there on the desk.

Mr. WHIPPLE. At what time was the other message, the Connolly message, sent?

Mr. ROPER. I think it followed closely.

Mr. WHIPPLE. What was the exact minute on that?

Mr. ROPER. It probably was not timed, because there was no record of it. That goes to make me believe it was a verbal message. This Essary message was filed on a piece of paper.

Mr. WHIPPLE. How do you know that it was filed on a piece of paper, with a stamp on it?

Mr. ROPER. I told you it was written on the back of a Postal Telegraph blank and handed to me by Mr. Essary.

Mr. WHIPPLE. Was it sent at exactly 1.35?

Mr. ROPER. I do not know what time Essary handed it to me. I know I sent it at 1.35, because I timed it.

Mr. WHIPPLE. At what time was the other one sent?

Mr. ROPER. I told you it followed closely. There was no record made of the time.

Mr. WHIPPLE. How can you tell the exact time as to the one and not as to the other?

Mr. ROPER. I did not make a record of the Connolly message. I do not think Frank finished it, but told me to finish it and send it out.

Mr. WHIPPLE. Why did not you time it?

Mr. ROPER. I probably did not have the last sheet. Frank probably wrote two or three sheets and said "wind it up." I do not keep Frank's stuff. This was a message filed the same as we keep every order that is filed every minute.

Mr. WHIPPLE. I think probably I am taking too much of the time of the committee. The fruitlessness of it is evident. I think, and beyond a certain period I should not care to go.

The CHAIRMAN. As long as counsel thinks he can elicit any material testimony, the committee will be glad to have him endeavor to do so.

Mr. WHIPPLE. We have elicited some.

Mr. CHIPERFIELD. It might possibly be a good idea to allow the witness to condense his story while remaining in attendance for several days on the sessions of the committee.

Mr. WHIPPLE. Anything that would look like either condensation or accuracy I would heartily approve, or that would stimulate the memory that is remarkable in its refinement at one moment and not as remarkable at others.

Mr. CHIPERFIELD. I must say, Mr. Chairman, that I do not like the attitude which this witness takes in his testimony. It is not a very pleasant or edifying sight.

The CHAIRMAN. If any members of the committee wish to ask any questions of this witness, they may do so, if Mr. Whipple does not care to ask any more at this time.

Mr. WHIPPLE. I do not care to ask any more. Is Mr. Essary in the room? I have taken the liberty of sending for him. His name was mentioned, and I thought it would be fair, and not being able to get the instructions of the full committee, I took the liberty of summoning him, so that he might make his statement this afternoon. He was said to be in the House gallery, and just left there for the Senate gallery where his regular duties call him, and since that we have not been able to reach him by telephone.

Mr. CHIPERFIELD. I think this witness had better remain in attendance until we hear Mr. Essary's testimony.

Mr. WHIPPLE. I think it would be fair, perhaps, to Mr. Essary.

The CHAIRMAN. Perhaps some member of the committee would like to ask some questions.

Mr. WHIPPLE. Sometime if the committee would put the question as to how lately Mr. Roper has talked to Mr. Connolly——

The CHAIRMAN. You do that.

Mr. WHIPPLE. When did you see Mr. Connolly last?

Mr. ROPER. To-day.

Mr. WHIPPLE. When?

Mr. ROPER. In the morning from 10 to 12.

Mr. WHIPPLE. Have you seen him since you left here at about 1 o'clock?

Mr. ROPER. No, sir.

Mr. WHIPPLE. But you saw him all the forenoon between 10 and 12?

Mr. ROPER. He was in the office this morning when I was there.

Mr. WHIPPLE. Did you have a talk with him on this subject matter?

Mr. ROPER. That I was coming up here?

Mr. WHIPPLE. The whole subject matter, or any part of it.

Mr. ROPER. He told me he was very sorry that I had to leave the office to come up here. We talked that much about it.

Mr. WHIPPLE. Nothing else?

Mr. ROPER. Nothing to speak of.

Mr. WHIPPLE. Nothing about what you were going to say?

Mr. ROPER. About what I was going to testify up here?

Mr. WHIPPLE. Yes.

Mr. ROPER. He asked me what I was going to testify.

Mr. WHIPPLE. And did you tell him?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. And did you tell him specifically?

Mr. ROPER. I told him I was going to testify to the truth.

Mr. WHIPPLE. Anything more than that?

Mr. ROPER. That is all I have testified to.

Mr. WHIPPLE. Did you tell him anything more than that you were going to testify?

Mr. ROPER. That is all.

Mr. WHIPPLE. Did you say you were going to give Mr. Essary's name?

Mr. ROPER. I do not think that came up this morning.

Mr. WHIPPLE. Did it ever come up?

Mr. ROPER. Yes.

Mr. WHIPPLE. When?

Mr. ROPER. It came up when Mr. Bolling came to me practically in tears and asked me if I would not testify, and I told him I would come up and testify and clear his name; that it was distasteful to give Mr. Essary's name, but I wanted to clear Mr. Bolling and did not want to offend Mr. Essary. The evidence is all over town. There are half a dozen people that know that Mr. Essary sent this stuff. He has been seen in the office writing this stuff in front of the public, and Mr. Bolling has been down here in tears for two weeks, and I wanted to come up here a long time ago to clear him.

Mr. WHIPPLE. Why didn't you?

Mr. ROPER. I thought maybe somebody else would clear him. I did not like to speak about Mr. Essary.

Mr. WHIPPLE. You waited for some one else to clear Mr. Bolling's name?

Mr. ROPER. Yes.

Mr. WHIPPLE. When did Mr. Bolling commence to importune you to come up here and clear his name?

Mr. ROPER. When he came back from New York and he said the public looks to him as though his sister had betrayed Mr. Wilson, Mr. Bolling did not know I sent that message until Mr. Connolly came back from New York. He has cried to me to come up here and tell the truth about it, and I did not like to come. I am afraid of getting in bad with other people. I would give a thousand dollars not to come up here and testify; but you subpoenaed me and I had to come. Mr. Bolling knows nothing about it. Mr. Essary filed that message.

Mr. WHIPPLE. What did Mr. Connolly say?

Mr. ROPER. Mr. Bolling employed him; Mr. Connolly did not say anything. I just said I did not want to come up at all if I could get out of it.

Mr. WHIPPLE. What did Mr. Connolly say to you about coming up here and telling the truth and giving the name of the man who actually inspired or wrote that message? What did he say?

Mr. ROPER. He did not say anything. He said, "Go ahead and tell the truth."

Mr. WHIPPLE. Who said that?

Mr. ROPER. Mr. Connolly said that.

Mr. WHIPPLE. Did he tell you that before he went over to New York and swore that he wrote it?

Mr. ROPER. He did not say he wrote that message.

Mr. WHIPPLE. Did he tell you to come up here and tell the truth and clear Mr. Bolling before he went to New York to testify?

Mr. ROPER. I do not know that we had any argument of that kind up before then. Mr. Bolling knew nothing about it until he came back from New York.

The CHAIRMAN. Answer the questions as the counsel puts them.

Mr. ROPER. Put it again and I will answer it.

Mr. WHIPPLE. Did Mr. Connolly tell you to come up here and tell the truth and clear Mr. Bolling's name before he went to New York and testified?

Mr. ROPER. No; he did not say anything about clearing Mr. Bolling before he went to New York, anything of the kind.

Mr. WHIPPLE. Has he since then?

Mr. ROPER. When I was coming up here to-day I told him I was coming up to tell the truth, and he said, "Go ahead and tell the truth."

Mr. WHIPPLE. Did he know that Mr. Bolling was imploring you to come up here and tell the truth?

Mr. ROPER. He did yesterday and to-day.

Mr. WHIPPLE. Did you hear Mr. Bolling ask Mr. Connolly to come up here and clear him of the imputation on him and his family?

Mr. ROPER. I did not hear him ask Mr. Connolly.

Mr. WHIPPLE. All he asked was to have you come here?

Mr. ROPER. He did; yes, sir.

Mr. WHIPPLE. And you do not know whether he asked Mr. Connolly or not?

Mr. ROPER. I do not know whether he did or not.

Mr. WHIPPLE. Did you hear any conversations between Mr. Bolling and Mr. Connolly as to giving up the name of the man who wrote that message?

Mr. ROPER. No, sir.

Mr. WHIPPLE. Not a word?

Mr. ROPER. No, sir. They talked between themselves and not in my presence.

Mr. WHIPPLE. And it was after that that Mr. Bolling implored you to come up and tell the truth and give the name of the man who wrote it?

Mr. ROPER. Yes, sir. He implored me yesterday and to-day. I always told him I would come up to tell nothing but the truth.

Mr. WHIPPLE. But you say he had been imploring you for two weeks?

Mr. ROPER. I heard him make the remark a week or two weeks ago.

Mr. WHIPPLE. With tears in his eyes, to come up here and tell the truth and clear himself and his sister?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. And you have been thinking about it?

Mr. ROPER. Thinking? Before he spoke to me I wanted to come up voluntarily, and then turned around and went back.

Mr. WHIPPLE. You wanted to come voluntarily and turned around and went back?

Mr. ROPER. Yes, sir; that is human nature.

Mr. WHIPPLE. I think I have nothing further.

The CHAIRMAN. Just one question. You said you had not talked to Mr. Connolly since the committee adjourned this morning?

Mr. ROPER. No, sir; I have not seen him.

The CHAIRMAN. I believe you were in the committee room this morning, were you not?

Mr. ROPER. I got here about 12.30.

The CHAIRMAN. Has Mr. Connolly phoned you or have you phoned him since this committee adjourned between 12.30 and 2.30?

Mr. ROPER. No, sir; I have not seen Mr. Connolly or phoned to him.

The CHAIRMAN. You have had no conversation with him over the phone?

Mr. ROPER. No, sir. I will give you my movements since I left here if you want it.

The CHAIRMAN. That is not necessary. You have answered the question.

Mr. ROPER. Certainly.

Mr. GARRETT. Mr. Roper, how long has Mr. Essary been sending messages in this way?

Mr. ROPER. I do not remember exactly. We opened the office in the middle of August. He came in some time later.

Mr. GARRETT. Does it lie within your knowledge whether Mr. Essary has any interest in the firm?

Mr. ROPER. I am satisfied—I would swear to that, that he has no interest in the firm, and did not trade in stocks, so far as F. A. Connolly & Co. are concerned.

Mr. GARRETT. Do you know how it happens that you have instructions to receive and send messages for him?

Mr. ROPER. For Mr. Essary?

Mr. GARRETT. Yes.

Mr. ROPER. The instructions come from Mr. Connolly.

Mr. GARRETT. I say, do you know how it happens that that firm, if he has no interest in the firm—do you know whether Mr. Essary represents Hutton & Co.?

Mr. ROPER. I do not know as to that at all.

Mr. GARRETT. Do you know whether he is in the employ of either the firm of Connolly & Co. or Hutton & Co.?

Mr. ROPER. I do not think he is in the employ of either one. His stuff was probably given through friendship or a favor, or something like that, so far as I know. He does not appear on the books as an employee.

Mr. GARRETT. Do you really know what motive inspired him to send this information?

Mr. ROPER. It does look like there should be an incentive there, of course.

Mr. GARRETT. I am asking the question.

Mr. ROPER. I do not know. I do not know whether he ever received a dollar for it, or just thank you, or what. I could not swear to it.

Mr. GARRETT. Do you know whether Mr. Connolly knew that day whether this message was sent by Mr. Essary?

Mr. ROPER. I think he knew it, but I do not think he knew it until after the message was sent. I do not think he was in the office at the time the message was sent.

Mr. GARRETT. Do you know whether Mr. Bolling knew it that day or not?

Mr. ROPER. Mr. Bolling did not know it.

Mr. GARRETT. How do you know that?

Mr. ROPER. Because I know it. The message was in my possession from the time it was sent all that day.

Mr. GARRETT. How did Mr. Connolly know that it was sent?

Mr. ROPER. Because it was on my desk. Mr. Connolly came in and saw it. Mr. Bolling is not an active member of the firm, and he does not pay any attention to the details of the business.

Mr. GARRETT. Do you remember that Mr. Bolling was in the office that day?

Mr. ROPER. I do not think he has ever been in the telegraph office at Connolly's.

Mr. GARRETT. Do you know when Mr. Bolling first learned that this message was sent by Mr. Essary?

Mr. ROPER. I think when Mr. Connolly came back from New York. I think Mr. Bolling was innocent up to that time—innocent or ignorant—excuse me.

Mr. GARRETT. Up to that time?

Mr. ROPER. He was ignorant of the fact that it was ever sent up to that time.

Mr. GARRETT. What reason have you for thinking that?

Mr. ROPER. I handled the message, and I know who saw the message.

Mr. GARRETT. What reason had you for thinking Mr. Bolling knew nothing of it?

Mr. ROPER. Where would he see it? It was in my possession. Frank Connolly comes in the telegraph room and says "What is going on?" Nobody else comes in there.

Mr. GARRETT. You have no other reason?

Mr. ROPER. I can state that Mr. Bolling never saw it. Mr. Bolling never saw the message, and he never will see it.

Mr. GARRETT. I understand that, but pardon me, if you will follow me closely——

Mr. ROPER (interposing). Go ahead. Anything you want. I am here to answer questions.

Mr. GARRETT. The particular question which I asked was why or what reason you had for believing that Mr. Bolling never knew of this message until Mr. Connolly returned from New York?

Mr. ROPER. It was not brought to his attention at all. It was not brought to anybody else's attention.

Mr. GARRETT. Had it not been discussed there in the office?

Mr. ROPER. Not until that time. Not until this became very public did we pay much attention to it at all. We did not pay any attention to it until Mr. Connolly went to New York, and we had to tell Wilmer Bolling that such and such a thing had been sent. I do not know whether he knew that Mr. Essary ever came in the office.

Mr. GARRETT. Were you present when Mr. Bolling was first told of this fact?

Mr. ROPER. I do not think so. I was not the man who informed him of it.

Mr. GARRETT. You were not the man who informed him of it?

Mr. ROPER. No; I was probably not present.

Mr. GARRETT. Do you know whether Mr. Robertson knew of it or not?

Mr. ROPER. I think Mr. Robertson knew it.

Mr. GARRETT. At the time?

Mr. ROPER. Not the day the message was sent. I do not think Mr. Robertson was in Washington the day the message was sent.

Mr. GARRETT. When did he first learn it?

Mr. ROPER. I could not tell you the day, but it was some days, I think, after the message was sent.

Mr. GARRETT. Did you and Mr. Connolly discuss this matter prior to the time he went to New York to testify?

Mr. ROPER. I do not think so; no, sir. I do not think we did.

Mr. GARRETT. You do not recall having had any conversation in which the fact of Mr. Essary having handed this message in was discussed prior to the time Mr. Connolly testified in New York?

Mr. ROPER. I do not think so. To the best of my memory, I did not.

Mr. GARRETT. It has only been since his return that the matter has been mentioned?

Mr. ROPER. Exactly.

Mr. GARRETT. May I ask if Mr. Connolly gave to you any reason why he did not mention that in his testimony before us in New York—the fact that Mr. Essary having sent a message? You say you feel quite sure that he knew it that day. Did he, in his conversations which you have had with him since he returned from New York, say why he did not disclose that fact to this committee?

Mr. ROPER. No. I do not think he did. I do not think so.

Mr. GARRETT. When did you last discuss it with Mr. Bolling?

Mr. ROPER. To-day.

Mr. GARRETT. To-day?

Mr. ROPER. Yes. He said, "God bless you," as I left, hoping that I would tell the truth and clear him. That was his last words he said to-day.

Mr. GARRETT. Do you know who first told him about Mr. Essary having sent this message? You say you do not?

Mr. ROPER. No, sir. I presume Mr. Connolly or Mr. Robertson.

Mr. GARRETT. When was it first mentioned between you and him?

Mr. ROPER. When Frank came back from New York.

Mr. GARRETT. How long after he came back was it mentioned between you and Bolling?

Mr. ROPER. Probably the next day, I presume.

Mr. GARRETT. What was said in your conversation between you and Mr. Bolling?

Mr. ROPER. Mr. Bolling told me that his wife was very much worried about it; that a brother-in-law of his named Bruce Clark was out in Illinois or Chicago, and the publicity, of course, reached Chicago and one of these friends says to Bruce Clark, "I see your brother-in-law, Wilmer Bolling, has got in a nice mess," and that kind of hurt Clark's feelings and he told Mr. Bolling as to how the public was feeling, and then they told him about this message that Mr. Essary had sent, and Mr. Bolling came to me and said, "Ed, you will tell the truth?" And I said, "I certainly shall." I said, "I do not like to hurt Mr. Essary's feelings. What shall I do about it?" And I was, of course, hoping that I would not be subpoenaed, but I all the time told Mr. Bolling I would tell the truth, and he has relied on that.

Mr. GARRETT. What reasons have you for assuming that the statements you have made here will hurt Mr. Essary's feelings in any way?

Mr. ROPER. Well, what is all the investigation about, if the disclosure is not going to hurt anybody? What is the investigation for, then?

Mr. GARRETT. Of course, that is a question which has to be determined, but what I am asking you is just why you thought it might be of injury to Mr. Essary?

Mr. ROPER. I do not think it would make anybody feel good in Mr. Essary's place. It would not make me feel good, but I am sorry for

Mr. Essary; but I am sorry for Mr. Bolling, too, and he is the man to be cleared. The public don't think anybody is guilty but Mr. Bolling, but he did not know anything about this message. He never saw it and never will.

Mr. GARRETT. Why do you make the statement that nobody thinks anybody is guilty but Mr. Bolling?

Mr. ROPER. Because, if I did not know anything about this, I would say, "There is the President's brother-in-law. He is in the brokerage firm. Certainly he had the leak. He made a million dollars." It is natural for the public to think that. That is natural.

Mr. GARRETT. Because of his relations?

Mr. ROPER. Yes, sir. That is natural.

Mr. GARRETT. And you are prepared to state and do state from your knowledge that Mr. Bolling had no information whatsoever?

Mr. ROPER. I will take any oath you want as to that.

Mr. GARRETT. That is, concerning the telegram?

Mr. ROPER. Yes, sir.

Mr. GARRETT. You say Mr. Connolly made no explanation to you whatever of the reasons why he did not disclose the fact of Mr. Essary sending that message, to this committee in New York?

Mr. ROPER. Not more than I presume he felt maybe a friendly relationship for Mr. Essary. I assume that he did. He would not have to tell me that. There is no financial compensation in there. I am satisfied of that. I have that feeling for humanity myself. I do not even know Mr. Essary, and never met him, but I do not want to testify against Mr. Essary, but what are you going to do? You want me to answer the questions.

Mr. GARRETT. Certainly we want you to answer the questions. This is not a matter of curiosity with this committee, either. This is a matter in performance of a duty which has been imposed upon us by the House of Representatives.

Mr. ROPER. There are half a dozen people in Washington that have been in F. A. Connolly & Co.'s office and have seen Mr. Essary standing writing gossip and sending it over the wire. I am surprised that you have not got Mr. Essary a month ago. I have been laughing about that part of it—going to New York and Mr. Essary was down here. They could tell you whose writing it is that is using this beautiful language.

Mr. GARRETT. That is not the original telegram at all there [indicating].

Mr. ROPER. Get the original. I do not know where it is.

Mr. GARRETT. That is what we would like very much to have.

Mr. ROPER. I have not got it. The message has been destroyed.

Mr. GARRETT. Has it been destroyed since this investigation began?

Mr. ROPER. I do not know when it was destroyed.

Mr. WHIPPLE. I might suggest that the committee never found that fine language until we got to New York.

Mr. CHIPERFIELD. Probably the reason we did not get it was that the rest of the citizens sat back like this one did.

Mr. GARRETT. Did you have anything to do with the destruction of that message?

Mr. ROPER. I think so. I think I tore it up. I tear up nearly everything in the office every day that is not filed. There are lots of stuff that we destroy, and anything that is vital to the business

we do not destroy, and when you come in and send a hundred words to Hutton it is probably torn up.

Mr. GARRETT. Do you have a distinct recollection at this time of having destroyed that message that day?

Mr. ROPER. It probably was destroyed with the rest of the stuff.

Mr. GARRETT. Or do you assume that it has been destroyed? You have no recollection of this particular individual telegram being destroyed?

Mr. ROPER. No. I think I tore up the stuff to-day before I left the office.

Mr. GARRETT. You do not mean this telegram?

Mr. ROPER. Oh, no.

Mr. GARRETT. But the particular thing I was inquiring of you was whether or not you had a memory of having destroyed on that day or any other day this specific message signed by Mr. Essary and sent by you?

Mr. ROPER. No.

Mr. GARRETT. Which wire did you send that over—the Washington or the southern wire?

Mr. ROPER. There are two wires, but I probably used the local wire—what Mr. Whipple terms the private wire—if it is in good condition. If it was not in good condition, we would send it over the southern wire.

Mr. GARRETT. Do you remember which wire you sent this over?

Mr. ROPER. No. The chances are it went over the private wire. Maybe it did not.

Mr. GARRETT. I think that is all.

Mr. ROPER. And the fact I testify that I sent it out on this wire does not mean that Hutton & Co. received the wire at all.

Mr. GARRETT. But that wire does not lead anywhere except to Hutton's office, does it?

Mr. ROPER. No; but wires have their failings, and we have sent several orders to Hutton in New York, that Hutton never got. We sent three of them one day that Hutton never got. It is possible that I sent that message and Hutton did not get it.

Mr. GARRETT. How do you account for the failure of a message to go over a wire that only leads from one place to another place?

Mr. ROPER. That is 225 miles, and a good stout wind blowing in one direction would cause the current to run down to the ground, and then the wind would blow the other way and restore it again, but it is lost. We now have a case up with Hutton of 50 shares of stock that is lost in the same way.

Mr. GARRETT. I wish you would give the committee, if you please, the conversation had between you and Mr. Bolling, the first conversation that passed between you and Mr. Bolling after he learned of the fact that Mr. Essary had written and had sent this message.

Mr. ROPER. I do not know whether I could remember the first conversation or not. All of these conversations have been just about the same; that is, pleading with me to come up here and tell what I know. They were all about the same thing.

Mr. GARRETT. You told Mr. Bolling what you knew about it, I assume. You told Mr. Bolling, after he had spoken to you, you told him that Mr. Essary had written and you had sent this message?

Mr. ROPER. Oh, yes; sure; and he said then, of course, "I remember Essary being in here and sending messages."

Mr. GARRETT. Was that the first information that he had of Mr. Essary being connected with this matter in any way? I believe you stated that he had learned of it from some other source before he learned from you; but when did he first learn that Essary was accustomed to coming in there and sending messages?

Mr. ROPER. He learned it maybe by observing Essary in there the first time he ever observed him. As a rule, Mr. Essary would not come around in what they call the board room where Mr. Bolling generally remains, so he could come in through the Bond Building entrance. So he might have come in for some time without Mr. Bolling noticing him, and again Mr. Bolling might have seen him the first time he entered. I do not know.

Mr. GARRETT. How frequently was Mr. Essary in there? Was he in there almost every day?

Mr. ROPER. Well, I do not know. About every day—no; I would not say that.

Mr. GARRETT. Your best recollection.

Mr. ROPER. I think some time before the 20th of December he came in right often for a while, and then business would lull, maybe, and he would not come in for a day or so.

The CHAIRMAN. Mr. Roper, I think you are trying to help us clear up some things, but I want to get a part of your story clearly in my mind. You know that Mr. Connolly went to New York and testified this week before this committee, and testified that he wrote a telegram, and that that telegram was lost or had disappeared or was destroyed, or something like that, and the committee was at recess practically while he undertook to reconstruct this telegram. They waited until he sat at the table and rewrote the telegram. Do you recall something of that sort?

Mr. ROPER. Yes.

The CHAIRMAN. Of course that lost telegram was a great issue there before the committee. Now, as I understand you, you are trying to help us unravel that question, and you now say that you did not want to expose Mr. Essary. The committee understands you to say that, and that is one reason you did not come. You state that you had rather give up a thousand dollars than to have come and done that?

Mr. ROPER. Yes, sir.

The CHAIRMAN. Well, that is commendable in you. Now, what I want to get at is this: When Mr. Connolly was over in New York it was then an issue as to what had become of this telegram. You understood that, didn't you? That the committee was very much perplexed about the contents of that telegram—the telegram which Mr. Connolly undertook to reproduce in New York. You remember that?

Mr. ROPER. Yes.

The CHAIRMAN. And Mr. Bolling had been pleading with you all the time to come here and clear him?

Mr. ROPER. Yes, sir. I do not know whether he was pleading at that time or not. I do not know when he started pleading.

The CHAIRMAN. But, at any rate, he has been pleading with you?

Mr. ROPER. Yes, sir.

The CHAIRMAN. So the truth of the business is that this lost telegram that was troubling the committee so much was written by Mr. Essary, as I understand, and the reason you did not come and tell the committee before was that you hated to bring Mr. Essary's name into the transaction?

Mr. ROPER. I certainly did; yes, sir.

The CHAIRMAN. So he was the author of the lost telegram?

Mr. ROPER. What do you mean by the lost telegram? They are both lost.

The CHAIRMAN. The one Mr. Essary wrote and brought in there and handed to you, written on a typewriter.

Mr. ROPER. Yes, sir.

The CHAIRMAN. Now, you say that you are not willing to come here and say that Mr. Essary did not send telegrams there; that you are going to tell the truth about it, and we are glad you have come to tell us the truth about these things, because you have cleared up a great many things.

Mr. CHIPERFIELD. I am not quite satisfied on that point. Mr. Chairman, that he has told the truth.

The CHAIRMAN. Well, maybe we will get all the facts.

Mr. CHIPERFIELD. I merely did not want the witness to get the impression that I am satisfied with his testimony.

The CHAIRMAN. I am not trying to give him your state of mind: only one phase of the case, that is all. Now, you say that half a dozen men have frequently seen Mr. Essary in the office of Connolly & Co. sending telegrams?

Mr. ROPER. Yes, sir.

The CHAIRMAN. Give us the names of those half dozen men, will you? Think it over well, and give us these names.

Mr. ROPER. I do not remember whether I can give you complete these names right now.

The CHAIRMAN. Think of as many as you can, and before you get through maybe you can give us more.

Mr. ROPER. I do not think I can tell the six unless I would go down to the office and pick them out.

The CHAIRMAN. Give us the name of one.

Mr. ROPER. Bruce Clark.

The CHAIRMAN. Who is Bruce Clark?

Mr. ROPER. He is a gentleman.

The CHAIRMAN. That is assumed. What does he do?

Mr. ROPER. I could not tell you anything about his business.

The CHAIRMAN. Tell us the name of another or several, if you can.

Mr. ROPER. Well, it would be just hard to remember just the certain people, clients in the office on the certain days that this man wrote it down, you see.

The CHAIRMAN. But, you say, because of this well-known fact, that nobody would dispute, you did not feel like you could come here and undertake to cover up Mr. Essary's name in any way, and therefore you have come to lay it before the committee, and while it might be hurtful to Mr. Essary, yet you are doing it because you want to clear Mr. Bolling?

Mr. ROPER. That is the situation exactly.

The CHAIRMAN. I understand that is the situation as you put it. I understand that. I believe that is all now.

Mr. CAMPBELL. You said a moment ago that Mr. Bolling had been pleading with you two weeks to clear him up?

Mr. ROPER. I do not know whether it was two weeks—about that time. I have had a good deal of talking, and if you are going to pin it down to two weeks——

Mr. CAMPBELL (interposing). I have observed that you do not take as much time before you talk as——

Mr. ROPER (interposing). Yes; I talk too fast and too much. I understand.

Mr. CAMPBELL. You are keeping right on at it, I observe.

Mr. ROPER. Yes, sir.

Mr. CAMPBELL. When was the first conversation you had with Mr. Bolling about this affair?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. Well, you said he had been talking with you for two weeks, and pleading with you and crying about it. When was the first time you saw him cry about it?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. Was it two weeks ago?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. Ten days ago?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. One day ago?

Mr. ROPER. It was longer than one day ago. I can remember until yesterday.

Mr. CAMPBELL. A week ago?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. Now, you have said you are perfectly splendid in figures. I am dealing with you now as to whether it was one or two or three days ago.

Mr. ROPER. You are dealing with weeks, and not figures—weeks and days. Those are words.

Mr. CAMPBELL. I am dealing with you on the number of days. Was it 10 days ago?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. You are not so clever in figures after all.

Mr. ROPER. No; I think not.

Mr. CAMPBELL. But you can tell to the very minute the time you sent this telegram?

Mr. ROPER. Yes.

Mr. CAMPBELL. Why, because it is necessary to clear Mr. Bolling?

Mr. ROPER. No; I do not think so.

Mr. CAMPBELL. That is what you said you were coming down here for, was it not?

Mr. ROPER. No; I was coming down here because I was subpoenaed.

Mr. CAMPBELL. But you said you were coming down here to clear Mr. Bolling. Did you state in your testimony that you sent that telegram at 1.35 on the 20th of December to clear Mr. Bolling?

Mr. ROPER. Yes, sir.

Mr. CAMPBELL. And you stated that for the purpose of clearing Mr. Bolling?

Mr. ROPER. I stated it for facts. You want facts. I stated it for facts, in answer to questions.

Mr. CAMPBELL. But you have no other fact in your mind, have you?

Mr. ROPER. Other fact? Other fact about what?

Mr. CAMPBELL. Do you have any other fact in your mind except that you say you sent this message at 1.35 on the 20th of December?

Mr. ROPER. Yes, sir; that is correct.

Mr. CAMPBELL. January 21, I believe, is your birthday?

Mr. ROPER. That is correct.

Mr. CAMPBELL. But you can not remember whether you first saw Mr. Bolling in tears about this matter 10 days ago or two weeks ago or a week ago?

Mr. ROPER. If we could find out when Mr. Connolly came back from New York we could probably get these dates better.

Mr. CAMPBELL. That has only been two or three days ago.

The CHAIRMAN. Day before yesterday.

Mr. ROPER. I did not remember.

Mr. CAMPBELL. You do not remember whether these tears were before or after Mr. Connolly went to New York?

Mr. ROPER. I do not think Mr. Bolling knew much about this message until after Frank came back from New York. I am satisfied that he never saw this message.

Mr. CAMPBELL. Now, you have said that a good many times, Mr. Roper.

Mr. ROPER. I will say it again.

Mr. CAMPBELL. Why do you say that?

Mr. ROPER. Say what?

Mr. CAMPBELL. That Mr. Bolling never saw it.

Mr. ROPER. Because I handled the message.

Mr. CAMPBELL. Did you handle the message before it came into your hands?

Mr. ROPER. I handled it when it came into my hands.

Mr. CAMPBELL. It came into your hands in typewritten form?

Mr. ROPER. On a Postal Telegraph blank, on the reverse side.

Mr. CAMPBELL. And you do not know who saw it before you did?

Mr. ROPER. Mr. Essary saw it before me.

Mr. CAMPBELL. Do you know who else saw it besides Mr. Essary?

Mr. ROPER. The world might have seen it before Mr. Essary.

Mr. CAMPBELL. Including Mr. Bolling?

Mr. ROPER. Including the world. He is in the world. Yes, sir; the world might have seen it.

Mr. CAMPBELL. You say you had it in your possession all day?

Mr. ROPER. Yes, sir; on my desk.

Mr. CAMPBELL. And did not send it out until 1.35?

Mr. ROPER. I mean from 1.35. Oh, no; it was not in my possession before that, unless it was a minute or two. It takes a minute or two to send it. I possibly became possessed of the message at 1.30.

Mr. CAMPBELL. You have been perfectly willing to state that Mr. Bolling never saw this message?

Mr. ROPER. After it came into my possession.

Mr. CAMPBELL. You do not know whether, as a matter of fact, Mr. Bolling did not write it?

Mr. ROPER. He did not write it after it came into my possession.

Mr. CAMPBELL. Do not let your anxiety to clear Mr. Bolling get away from you.

Mr. ROPER. Not a bit.

Mr. CAMPBELL. We will stay right down to this question that is before us.

Mr. ROPER. All right.

Mr. CAMPBELL. What were you doing at 1.34 this day?

Mr. ROPER. Sending this message.

Mr. CAMPBELL. What were you doing at 1.32?

Mr. ROPER. Probably sending an order to buy or sell.

Mr. CAMPBELL. Oh, no; not "probably"; you know exactly.

Mr. ROPER. You know what we are doing now.

Mr. CAMPBELL. Answer my question. What were you doing at 1.32?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. What were you doing at 1.36?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. What were you doing at 1.38?

Mr. ROPER. I do not remember.

Mr. CHIPERFIELD. Mr. Chairman, if this is a vaudeville show, the witness certainly must be encouraged in his attitude. Otherwise, he must be severely rebuked.

The CHAIRMAN. I quite agree with Mr. Chiperfield. The committee is trying to deal fairly with you.

Mr. ROPER. Listen; is that fair? That was a foolish question, what I was doing at 1.38.

The CHAIRMAN. Wait until the Chair finishes. We are going to treat you fairly. The members have a right to ask you questions. No matter what you may think of those questions, sit there and quietly make responsive answers, and it is not necessary to engage in any kind of a performance as you have been engaging in for the last minute or two. That is not right, and you must not do that any more. Answer these questions.

Mr. LENROOT. I think, too, Mr. Chairman, that the witness should clearly understand that he may be held responsible for the answers he gives to these questions.

Mr. CAMPBELL. There is a law in the District of Columbia, let me inform you, against perjury, and do not overlook that and do not smile about it.

The CHAIRMAN. And not only that, Mr. Roper, we hope it will not be necessary for Congress to have to deal with you before the bar of the House, and we hope that no proceedings in the courts will be necessary. That can all be avoided. Proceed, Mr. Campbell.

Mr. CAMPBELL. Now, I ask you what you were doing at 1.38?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. What were you doing at 1.40?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. But you do remember what you were doing at 1.35?

Mr. ROPER. Yes, sir. Strange as that may seem to you.

Mr. CAMPBELL. Well, it is very strange to me.

Mr. ROPER. That is all right. I do not doubt that for a minute. Those are facts, though.

Mr. CAMPBELL. What kind of a looking man is Mr. Essary?

Mr. ROPER. I do not know. I do not know how to describe him. I can tell you how he was dressed. He had his hat off, and while I am color blind, I think he had on a tan coat. I think I could identify him if you got him in the court.

Mr. CAMPBELL. How do you know his name is Essary?

Mr. ROPER. Somebody in the office told me several times that it was Essary.

Mr. CAMPBELL. And you are quite sure that he brought in a message on December 20 that you sent out at 1.35 written on the back of a Western Union telegraph blank?

Mr. ROPER. Postal, if you please.

Mr. CAMPBELL. A Postal telegraph blank?

Mr. ROPER. Thank you; yes, sir.

Mr. CAMPBELL. And you do not know anything that was in that message except the last two or three words in the message?

Mr. ROPER. I do not remember anything excepting that.

Mr. CAMPBELL. To whom was it addressed?

Mr. ROPER. To whom was it addressed?

Mr. CAMPBELL. Yes.

Mr. ROPER. I do not know whether it was addressed to anybody or not. It might have been addressed to E. F. Hutton & Co., or it might have had no address on it.

Mr. CAMPBELL. The other end of the wire is in E. F. Hutton & Co.'s office?

Mr. ROPER. 61 Broadway, New York.

Mr. CAMPBELL. What did you say in your conversation with Mr. Connolly to-day about what your testimony should be here to-day?

Mr. ROPER. I told him I was to come up here and tell what I knew.

Mr. CAMPBELL. He told you——

Mr. ROPER (interposing). I told him.

Mr. CAMPBELL. Did he tell you what you knew or what you ought to know?

Mr. ROPER. I do not think so. I do not think he did. I do not think he ever told me what I ought to know. He has told me what I should do in New York.

Mr. CAMPBELL. Did he tell you what he testified to in New York?

Mr. ROPER. No, sir; and I have not even read it in the papers.

Mr. CAMPBELL. So he did not tell you what he testified in New York?

Mr. ROPER. No. I have not even read all the papers. I have read it in the papers, but his full statement or testimony I do not know.

Mr. CAMPBELL. Did you say to anyone that if Mr. Connolly says you sent this telegram you sent it?

Mr. ROPER. How is that?

Mr. CAMPBELL. Did you say to anyone that if Mr. Connolly said you sent this telegram you would testify you sent it?

Mr. ROPER. No. I am testifying on my own initiative that I sent the message.

Mr. CAMPBELL. Will you answer whether or not you said that if Mr. Connolly said that you sent this message you would testify that you sent it?

Mr. ROPER. I just don't get that. I do not understand. I said that he said that Connolly said that he sent the message?

Mr. CAMPBELL. I said this: Did you say to anyone to-day before you came upon the stand that if Mr. Connolly said that you sent this message that you would testify that you had sent it?

Mr. ROPER. I said to anybody—I would testify to the truth whatever I said.

Mr. CAMPBELL. No; no. Answer my question. Do you know whether you had that conversation with anybody here to-day, whether you stated before you came upon the stand that if Mr. Connolly had testified that you, his telegrapher, had sent that message to Hutton & Co. you would testify that you had sent it?

Mr. ROPER. I do not think so.

Mr. CAMPBELL. You did not?

Mr. ROPER. Yes, sir.

Mr. CAMPBELL. Get your memory to work again.

Mr. ROPER. I do not get you clearly, but I do not remember saying anything like that on any subject.

Mr. CAMPBELL. Oh, you understand me clearly.

Mr. ROPER. I beg your pardon, I do not understand you. As quickly as I can understand you clearly, I will give a clear answer.

Mr. CAMPBELL. Did you say to anyone here to-day before you came upon the stand that if Mr. Connolly swore or stated that you sent, as his telegrapher, the message to Hutton & Co., that you would swear you sent it?

Mr. ROPER. No. I did not say that to Mr. Connolly.

Mr. CAMPBELL. No; not to Mr. Connolly—to anyone?

Mr. ROPER. That I would swear whatever Connolly told me to say—is that what you mean?

Mr. CAMPBELL. Oh, no.

Mr. ROPER. I do not get you.

Mr. CAMPBELL. That you would swear that if Mr. Connolly swore that this message was sent, whether as a matter of fact, it was sent, you would swear that you sent it out?

Mr. ROPER. Oh, no. I am not following Mr. Connolly. Mr. Connolly is not my God.

Mr. CAMPBELL. As I understand it, you are just here to clear Mr. Bolling?

Mr. ROPER. I am here because I am subpoenaed. I am very sorry that I had to come, but I had to come.

Mr. CAMPBELL. Why did you feel such anxiety over Mr. Essary?

Mr. ESSARY. Because I am human.

Mr. CAMPBELL. Why are you hurting him?

Mr. ROPER. If it is so, as I say, that he handed this message to me, it looks as though he would be in bad, as I understand it, from this investigation.

Mr. CAMPBELL. Why should he be in bad?

Mr. ROPER. Because I understand that this message should not have been given out until 5 o'clock, from what I hear on the streets. I did not know that when I sent the message. I heard that in here to-day, but I heard some time ago from all of this talk in the paper, it is bad if it gets out, the man will lose his position. Aren't you sorry that anybody would lose his position?

Mr. CAMPBELL. You are not sorry for losing yours?

Mr. ROPER. Yes. That is the reason I was afraid to come up here. My evidence incriminates the stock exchange.

Mr. CAMPBELL. How does it incriminate the stock exchange?

Mr. ROPER. They have had this stuff; the stock brokers have got this stuff. It don't do anybody any good.

Mr. CAMPBELL. You get into trouble when you talk so much.

Mr. ROPER. But do not ask me so many questions.

Mr. CAMPBELL. You talk after you have failed to answer. You knew that F. A. Connolly had testified that he wrote this message and directed you to send it?

Mr. ROPER. What message are you talking about? There are two messages. I do not know.

Mr. CAMPBELL. I am talking about the one important message that shows that Hutton & Co. had in their possession before anybody had it in their possession a condensation of the President's note to the belligerents.

Mr. ROPER. You mean this message that Mr. Essary gave me?

Mr. CAMPBELL. No; I do not mean that.

Mr. ROPER. You see we are mixed.

Mr. CAMPBELL. I mean the message that Hutton & Co. say was in their possession when Mr. Ellis wrote a note.

Mr. ROPER. Yes.

Mr. CAMPBELL. Mr. Whipple has read the message to you?

Mr. ROPER. That message there [indicating].

Mr. CAMPBELL. Yes. Do you know that Mr. Connolly, your employer, had stated under oath in New York that he wrote the message upon which this was based and sent it through you, his telegrapher, to Hutton & Co.?

Mr. ROPER. I say I sent a message something like that, with those same words in that last paragraph.

Mr. CAMPBELL. How would that get you in bad with Mr. Connolly?

Mr. ROPER. He said I would get in bad with him?

Mr. CAMPBELL. You said a moment ago that you were afraid of losing your job?

Mr. ROPER. Yes; I am.

Mr. CAMPBELL. Are you afraid of Connolly discharging you? Who has authority to discharge you?

Mr. ROPER. The New York Stock Exchange.

Mr. CAMPBELL. The New York Stock Exchange has authority over you?

Mr. ROPER. Yes, sir.

Mr. CAMPBELL. That leads into a very interesting matter.

Mr. ROPER. You bet it does. Now, we will get down to facts.

Mr. CAMPBELL. Does the New York Stock Exchange object to telegraphers testifying to what they say is the truth?

Mr. ROPER. I do not know about that. They have to pass on every telegrapher, whether he has blue eyes or dark eyes, and plenty of hair or a bald head, before he goes to work. I do not want to do anything to offend the New York Stock Exchange. That is what I am trying to avoid.

Mr. CAMPBELL. So you are, then, here for the purpose of clearing Mr. Bolling?

Mr. ROPER. Yes, sir.

Mr. CAMPBELL. With many regrets that you have done Mr. Essary an injury?

Mr. ROPER. Yes, sir.

Mr. CAMPBELL. And fear you will lose your job, because you might offend the New York Stock Exchange?

Mr. ROPER. I might offend the New York Stock Exchange. Now, we are getting down to business. There you are. That is the situation. I do not want to become a tramp and go around and beg for something to eat, if I get out of work, because this is the only vocation I know. If I can not work as a telegrapher, I will have to shine shoes or something of that sort. This may seem funny to you, but it is not to me.

Mr. CAMPBELL. Nobody but you has attempted to make this a funny matter.

Mr. ROPER. You say the answers are funny. That is the situation I am in.

Mr. CAMPBELL. Don't you know as a matter of fact that you did not send a message from either Mr. Essary or Mr. Connolly on the 20th day of December?

Mr. ROPER. I did not send one from them on the 20th of December?

Mr. CAMPBELL. Containing the substance of this telegram or anything like it?

Mr. ROPER. I will bet you everything I have got in the world——

Mr. CAMPBELL (interposing). Answer my question. Don't you know, as a matter of fact, that you did not send a message over the wire——

Mr. ROPER (interposing). I did send a message.

Mr. CAMPBELL. Wait until I ask the question.

Mr. ROPER. I did send it.

Mr. CAMPBELL. Don't you know, as a matter of fact, that you did not send a message over the wire, either over the southern wire——

Mr. ROPER (interposing). I did send it.

Mr. CAMPBELL. Wait until I ask the question.

Mr. ROPER. Over the Hutton wire.

Mr. CAMPBELL. Don't you know, as a matter of fact, that you did not send a message over the wire from either Essary or Connolly, written by either of them, written partly by Connolly, and composed partly by Essary on the 20th of December to Hutton & Co. over either the southern wire or what is known as the private wire between Connolly and Hutton. Don't you know, as a matter of fact, that you did not?

Mr. ROPER. I sent a message at 1.35 p. m. on the 20th of December which was signed Essary. It positively was sent. What are you talking about?

Mr. CAMPBELL. Don't you ask me what I am talking about.

Mr. ROPER. Then don't say I did not send it.

Mr. CAMPBELL. Where is that message?

Mr. ROPER. It has been destroyed.

Mr. CAMPBELL. Do you know that the telegrapher at the other end of this wire never received that message?

Mr. ROPER. I could not testify as to that. I have just illustrated how he could not receive it or could receive it.

Mr. CAMPBELL. Don't you know that the telegrapher at the other end of the Hutton wire did not receive it?

Mr. ROPER. I do not care if he did. I sent it.

Mr. CAMPBELL. Don't you know that the telegrapher on the other end of the southern wire did not receive it?

Mr. ROPER. He could not if I sent it on the private wire.

Mr. CAMPBELL. But you stated that you sent it over either one?

Mr. ROPER. Oh, yes; but if I had, and the man on the other end did not receive it——

Mr. CAMPBELL (interposing). As a matter of fact, you did not send it on either?

Mr. ROPER. I beg your pardon. I did send it at 1.35 on December 20. I did send it, and my word is as good as yours.

Mr. CHIPERFIELD. Oh, I do not think you ought to make those statements.

Mr. ROPER. I am telling you what I remember. There are lots of things I do not remember.

Mr. CAMPBELL. Then, I repeat——

Mr. ROPER (interposing). Do you doubt my word? I am not lying. I am telling the truth. If I do not remember, I will tell you I do not remember. What I say I know I know. If I am in doubt about it, I will tell you I am in doubt.

Mr. CAMPBELL. There is just one thing that you are not in doubt about?

Mr. ROPER. What is that?

Mr. CAMPBELL. That you sent a message signed by Essary containing a portion of what is in this telegram, and that you sent it at 1.35 p. m. on December 20?

Mr. ROPER. With my hand up, before God Almighty, yes.

Mr. CAMPBELL. And you are not certain, however, about anything else that has occurred there either before or since?

Mr. ROPER. Anything else in regard to what?

Mr. CAMPBELL. About anything.

Mr. ROPER. Oh, yes.

Mr. CAMPBELL. That occurred——

Mr. ROPER (interposing). Oh, yes.

Mr. CAMPBELL (continuing). Immediately before or since?

Mr. ROPER. Oh, yes.

Mr. CAMPBELL. Then tell us something about it?

Mr. ROPER. What else do you want to know?

Mr. CAMPBELL. Something that happened on the 21st of December at 1.35?

Mr. ROPER. Why, I did not send a message like that on December 21.

Mr. CAMPBELL. Well, tell us something that stands out in your memory on December 21? What was it?

Mr. ROPER. I do not remember. Different things stand out in my mind.

Mr. CAMPBELL. What did you do on December 19 at 1.35?

Mr. ROPER. A lot of things that stand out.

Mr. CAMPBELL. No, no. What particular thing did you do?

Mr. ROPER. What did you do on December 19 at 1.35?

Mr. CAMPBELL. Answer my question.

Mr. ROPER. I do not know.

Mr. CAMPBELL. What did you do on the 18th?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. At 1.35 p. m.?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. What did you do on the 10th of December at 1.35 p. m.?

Mr. ROPER. I do not remember.

Mr. CAMPBELL. But you do have an independent recollection that on the 20th of December at 1.35 you did send that message?

Mr. ROPER. I finished sending it at that time, and I backed that message with that time on it.

Mr. CAMPBELL. I believe that is all, Mr. Roper.

Mr. ROPER. Thank you very much. I appreciate it.

The CHAIRMAN. There will be some other members of the committee to question you.

Mr. ROPER. All right. Well, I will get a little drink of water, a little intermission, and then I will be right with you.

Mr. CHIPERFIELD. Evidently the witness 'is very seriously impressed with the gravity of his testimony?

Mr. ROPER. Well, Bolling is my friend, and I want to see him clear.

Mr. CHIPERFIELD. I do not want to make any comment, but your manner is rather unfortunate for a witness sworn to tell the truth.

The CHAIRMAN. Why was it that the contents of the message were kept from Mr. Bolling so long?

Mr. ROPER. Well, I did not attach any importance to it until lately when Mr. Connolly went over to New York and came back.

The CHAIRMAN. Why was that?

Mr. ROPER. That is why, because if it was of any importance, if we thought it was a message of any importance we would have handed it to him. Why, I send hundreds of telegrams that he does not know about it. He is an inactive member of the firm. He does not come over there very much. I could send a million messages. Bolling does not ask to see them. He does not ask me.

The CHAIRMAN. You did not think it was important to tell one member of the firm about a paper of that sort that was going to be issued?

Mr. ROPER. I did not go to any member of the firm except Mr. Francis A. Connolly.

The CHAIRMAN. Why did not Mr. Connolly tell him about that thing?

Mr. ROPER. That is up to Mr. Connolly. There is another member of the firm, too.

The CHAIRMAN. Why did not Mr. Robertson tell him about it?

Mr. ROPER. You will have to ask Mr. Robertson. I do not suppose he thought anything about it. I did not give it any serious attention when I sent the message.

The CHAIRMAN. Don't you imagine it was because they did not want him to know anything about it?

Mr. ROPER. I do not know. I do not imagine anything at all about it. There was no imagination coming to me. I did not take the thing seriously at all at first. I thought it was all a joke.

The CHAIRMAN. Mr. Pou, do you want to ask any questions?

Mr. POU. No; I do not want to ask any questions.

Mr. LENROOT. I want to ask a few questions.

The CHAIRMAN. All right.

Mr. LENROOT. Mr. Roper, a portion of the telegram reads as follows:

We are confidentially informed that a highly important message to all belligerents has been issued from Washington. Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace and a warning that neutral rights must not be further encroached upon.

Did you, on December 20, send any message over your wire containing substantially this language, or anything like that?

Mr. ROPER. Not over my wire. Did you say over my wire?

Mr. LENROOT. Over the wire of the office of Connolly & Co.?

Mr. ROPER. I did.

Mr. LENROOT. You did?

Mr. ROPER. Yes, sir. I sent a message that read practically like the last paragraph of that telegram.

Mr. LENROOT. I ask you to answer my question as to whether you sent any message reading substantially as the language that I have now read to you?

Mr. ROPER. Well, if you call the last paragraph——

Mr. LENROOT (interposing). I have not read the last paragraph.

Mr. ROPER. You have not read the last paragraph?

Mr. LENROOT. No.

Mr. ROPER. Oh, I did not listen to you then.

Mr. LENROOT. Well, I wish you would listen to it.

Mr. ROPER. I supposed that you had read the whole message. I read the message several times.

Mr. LENROOT. Now, omitting the last paragraph, do you remember sending any telegram to the office of Hutton & Co. containing substantially that language which I have read?

Mr. ROPER. I do not recognize that language except the last paragraph.

Mr. LENROOT. I said omitting that portion of it?

Mr. ROPER. No; not at all.

Mr. LENROOT. Did Mr. Connolly, on the 20th of December, see this Essary message?

Mr. ROPER. I am pretty sure he did; after it was sent, I think.

Mr. LENROOT. And have you any recollection about it?

Mr. ROPER. Recollection about what?

Mr. LENROOT. His seeing it.

Mr. ROPER. No; not a very definite recollection. I probably show pretty nearly everything I do to Connolly, who is the active member of the firm, and probably no other member of the firm sees it. He is the man I am responsible to. I never speak to Bolling except in a friendly way, but nothing in regard to business, and I never have since he has been in the firm, nor to Mr. Graham, another member of the firm.

Mr. LENROOT. When was the Essary message first mentioned or talked about between you and Mr. Connolly?

Mr. ROPER. What is that? Well, talked about? I presume the day that Essary brought it in.

Mr. LENROOT. You feel pretty certain that Mr. Connolly saw this Essary message?

Mr. ROPER. I would not like to swear to that very strongly, but I think I showed it to him. I am in the habit of showing Connolly everything that goes on in the office.

Mr. LENROOT. When is your first recollection of the Essary message ever being mentioned between you, other than the 20th of December?

Mr. ROPER. I think when Connolly went over to New York to testify.

Mr. LENROOT. Before he went over to New York to testify?

Mr. ROPER. I do not remember. I did not follow this thing up or make notes or pay any attention to it.

Mr. LENROOT. Are you satisfied that the message you sent contained the last paragraph that you say you do remember was in the Essary message?

Mr. ROPER. Do I remember that last paragraph that is in it?

Mr. LENROOT. Yes.

Mr. ROPER. I think it was; and I think it was not only in this message but in the Essary message. I remember those words "of great moment." I think that was the winding up of the Essary story.

Mr. LENROOT. You said that you did not like to come up here and disclose Mr. Essary's name and that you were afraid of getting in bad with other people?

Mr. ROPER. Yes, sir.

Mr. LENROOT. By "other people" did you mean the New York Stock Exchange?

Mr. ROPER. Oh, yes; I think so.

Mr. LENROOT. Well, you know, do you not?

Mr. ROPER. No; I do not know exactly. There has been talk to that effect. They may be only rumors. Maybe I am mistaken.

Mr. LENROOT. Do you not have in mind other people whom you may be getting in bad with other than the New York Stock Exchange?

Mr. ROPER. Well, I suppose Essary or his friends.

Mr. LENROOT. I mean other than Essary.

Mr. ROPER. Well, I said "or his friends."

Mr. LENROOT. That is all.

Mr. CHIPERFIELD. My questions are along the same line as Mr. Lenroot's questions, just a continuation.

Do you know, Mr. Roper, whether or not at the time Mr. Connolly went to New York City for the purpose of testifying, he knew of the Essary message which you say you sent at 1.35 on December 20?

Mr. ROPER. I could not swear that he positively did know of it, because I might have shown it to him and I might not.

Mr. CHIPERFIELD. Well, that answers the question.

Mr. ROPER. I beg your pardon.

Mr. CHIPERFIELD. Let us get along as well as we can about this matter. Just answer the questions.

Mr. ROPER. All right; go ahead.

Mr. CHIPERFIELD. You have no positive recollection at all of showing him the Essary message?

Mr. ROPER. Positive recollection? No, sir.

Mr. CHIPERFIELD. Very good. If you did show it to him would you have any impression of it at this time? Do you think you would recall it if you had shown it to him?

Mr. ROPER. I kind of think I would.

Mr. CHIPERFIELD. Have you any recollection of showing him the Essary message before he went to New York City for the purpose of testifying before this committee?

Mr. ROPER. No. If I did not show it to him the day it was sent, I never showed it to him.

Mr. CHIPERFIELD. Then, have you any recollection of showing it to him the day it was sent?

Mr. ROPER. I have no positive recollection.

Mr. CHIPERFIELD. Then, so far as you can say, at the time Mr. Connolly testified before this committee in New York City, of your own knowledge, you do not know whether he knew of the Essary message or not?

Mr. ROPER. No, sir. Positively, I do not know. I do not know positively; no.

Mr. CHIPERFIELD. And as I understand it, you have no recollection of having shown it to him on the 20th?

Mr. ROPER. No positive recollection of having shown it to him on the 20th.

Mr. CHIPERFIELD. So that whether he did or did not know of the Essary message must lie in his own recollection rather than in yours?

Mr. ROPER. I think so.

Mr. CHIPERFIELD. Because you can not assist him very much, having no positive recollection?

Mr. ROPER. No positive recollection.

Mr. CHIPERFIELD. Immediately after you had finished sending this message you said you had sent a message for Connolly?

Mr. ROPER. Not immediately thereafter. I said it followed that closely.

Mr. CHIPERFIELD. I do not know whether I understood you correctly, but you did send a message for Connolly that day?

Mr. ROPER. Yes, sir.

Mr. CHIPERFIELD. How long after you sent the Essary message?

Mr. ROPER. It followed it closely.

Mr. CHIPERFIELD. What do you mean by "closely," so that I may know about what time it was?

Mr. ROPER. Well, if it was sent at 1.35, that was sent in the same hour, about 2 o'clock.

Mr. CHIPERFIELD. Mr. Connolly's testimony was between 1.15 and 2 o'clock. You confirm it?

Mr. ROPER. Yes; that was afterwards. It is just like——

Mr. CHIPERFIELD (interposing). Never mind whether it coincides with his answer. That is your idea?

Mr. ROPER. Yes; that is my idea.

Mr. CHIPERFIELD. And you do not recall the exact language employed by Mr. Connolly?

Mr. ROPER. Not the exact language.

Mr. CHIPERFIELD. If you were shown a message which he wrote out in New York as the substance of the message which he sent, would you be able in any way to say whether or not his statement was true?

Mr. ROPER. I do not think so.

Mr. CHIPERFIELD. Mr. Clark, have you the message that Mr. Connolly wrote out in New York?

Mr. CLARK. I have it here.

Mr. CHIPERFIELD. Mr. Roper, will you kindly glance over the message which I now show you and which you may assume is the message which Mr. Connolly wrote out in New York, and state whether or not you sent that message between the hours of 1.35 and 2 o'clock, or thereabouts, on the afternoon of the 20th of December?

Mr. ROPER. I can not read it.

Mr. CHIPERFIELD. Would you like to have me read it to you?

Mr. ROPER. I have not got my reading glasses. I have got my distance glasses.

Mr. CHIPERFIELD (reading):

I am informed that the State Department will issue statement to-night putting forth America's position as a neutral and take the opportunity to put before the world her rights as a neutral; not looked on as a peace proposal but as an opportunity to state America's rights as a neutral to the world. Looked on as a movement of moment.

Mr. ROPER. Is it "moment" or "great moment"?

Mr. CHIPERFIELD. The word is "moment" as he wrote it. I have read it to you without deviation of the message.

Mr. ROPER. This is an exact copy of the message that he sent that day?

Mr. CHIPERFIELD. That I do not say. I say this is what Mr. Connolly wrote in New York City for this committee as being his best recollection of the message which he sent that day. Now, did you send that message?

Mr. ROPER. I could not say I sent that message, but that sounds exactly like Connolly's writing. I have sent those messages thousands of times.

Mr. CHIPERFIELD. I do not care to go into Mr. Connolly's literary style, because I do not think it would be very impressive. But did you send this message, as you now recollect it?

Mr. ROPER. I do not know. I know I did not send that message at any place where it is written.

Mr. CHIPERFIELD. I do not understand you. You have been very much concerned—and I would not attempt to slight a man who thinks a friend of his has been wrongfully accused—and you say that your testimony is a refutation of the story that has gone abroad, because you say that Essary sent a message. The story that has gone abroad was to the effect that the partner, Connolly—or the inference which you say you drew—that the partner, Connolly, obtained information from Mr. Bolling——

Mr. ROPER (interposing). I did not hear that story.

Mr. CHIPERFIELD. Very good. I am not trying to put any story into circulation which will affect the honor or reputation of any man who lives. But you say you came here for the purpose of clearing Mr. Bolling, and, if so, it is a laudable purpose. Did you intend to show the committee or to give the inference that Mr. Bolling could not be guilty of any of these things because Mr. Essary sent a message that day that also gave information?

Mr. ROPER. I am not referring to what Mr. Bolling may have done outside of the office or prior to that day or after that day. I am saying that he did not have anything to do with this Essary message. That is what I say, and that he never saw this message.

Mr. CHIPERFIELD. Well, let us concede that he never saw it at any time, and I will not even take the time to argue it with you.

Mr. ROPER. That is all right.

Mr. CHIPERFIELD. And I do not know whether he did or not. But do you know the source of information which Mr. Connolly had upon which he based this message that he wrote in New York?

Mr. ROPER. No; I do not know the source.

Mr. CHIPERFIELD. So it leaves us precisely where we were before, does it not?

Mr. ROPER. I do not know anything about Mr. Connolly's source of information. I was talking about Mr. Essary.

Mr. CHIPERFIELD. Now, you say that you sent some information to Hutton & Co., or at least over the wire of Hutton & Co.—

Mr. ROPER (interposing). Yes; that is it.

Mr. CHIPERFIELD (continuing). That, in your opinion, would exonerate Mr. Bolling from any wrongful inference. Now, do you not think it becomes highly important for you to tell the committee what it was that you sent? You have only told them of one sentence in which those words "great moment" appear.

Mr. ROPER. Yes, sir.

Mr. CHIPERFIELD. Can you not recall any more of it?

Mr. ROPER. No, sir; I can not.

Mr. CHIPERFIELD. Then, whether that message said that it was a paper of great moment or a movement of great moment does not throw any light on the subject at all as to whether it did relate to Wall Street?

Mr. ROPER. What? This paper?

Mr. CHIPERFIELD. No; the Essary message. You do not know what it said about Wall Street at that time, do you?

Mr. ROPER. I know it had that paragraph.

Mr. CHIPERFIELD. Yes; but the rest of it you do not know?

Mr. ROPER. That paragraph was in there.

Mr. CHIPERFIELD. Well, that is all you can recall?

Mr. ROPER. Yes, sir.

Mr. CHIPERFIELD. Then, as to whether it gave any news outside of that paragraph that would be of any value you do not know because you can not say?

Mr. ROPER. No, sir; I do not know.

Mr. CHIPERFIELD. You say that Mr. Bolling came to you, and that he was very much distressed, and I can well see how much he would be, over the stories that had gone abroad, and wanted you to come to the committee and clear him. Is that true?

Mr. ROPER. He did not put it that way; but to come up here and tell the truth.

Mr. CHIPERFIELD. That Essary had sent a message that contained the words "great moment"?

Mr. ROPER. That that message did not come from Mr. Bolling.

Mr. CHIPERFIELD. Which message? The Essary message?

Mr. ROPER. Yes, sir.

Mr. CHIPERFIELD. The one that had the words "great moment" in it. Can you tell us why it would be necessary for you to come here and say that for Mr. Bolling?

Mr. ROPER. Why, Mr. Bolling says that it is practically in the papers that everybody says that he gave the information to Connolly.

Mr. CHIPERFIELD. Mr. Bolling was treated very kindly when he was before the committee. Why did he not come here and tell us about it himself instead of having you come to break the news?

Mr. ROPER. Well, I do not know.

Mr. CHIPERFIELD. So that you want to impress the fact on the committee that Bolling knew nothing about the Essary message?

Mr. ROPER. He did not.

Mr. CHIPERFIELD. And all that it did contain and that you now recall is the last paragraph which you mentioned?

Mr. ROPER. Yes, sir.

Mr. CHIPERFIELD. And whether it broke any other news to Wall Street or not you are unable to say?

Mr. ROPER. No, sir.

Mr. CHIPERFIELD. That is all.

Mr. ROPER. Thank you.

Mr. LENROOT. Mr. Roper, if Mr. Connolly wrote a telegram such as you have indicated and handed it to you on the 20th of December, was not that the first time that Mr. Connolly had ever handed to you a telegram with relation to events of public importance?

Mr. ROPER. Well, when you say public importance, do you mean financial matters?

Mr. LENROOT. Well, anything along these lines?

Mr. ROPER. Well, I do not know whether that is the only message. He dictated most all of these messages to me.

Mr. LENROOT. Outside of stock orders and messages containing financial news?

Mr. ROPER. I think so. All kinds of messages.

Mr. LENROOT. If this had been the first time that Mr. Connolly had ever handed you a message along financial lines, you would have been very apt to remember its contents?

Mr. ROPER. Well, I do not know. It may have been the first message.

Mr. LENROOT. Then, it would be a very unusual thing?

Mr. ROPER. Well, if you are working on a telegraph wire from 10 o'clock to 3, it is unable for a telegrapher to remember that, unable.

Mr. LENROOT. Just answer the question.

Mr. ROPER. It is unable to remember those things—it is impossible.

Mr. HARRISON. Mr. Roper, you were subpoenaed by the committee, or requested by the committee to come?

Mr. ROPER. Yes; I got some kind of a paper in the office. I did not read it; but they told me that it was to be here at 3 o'clock.

Mr. HARRISON. I want to get at whether you came voluntarily or whether you were subpoenaed.

Mr. ROPER. I was subpoenaed. There is a paper there to come at 3 o'clock.

Mr. HARRISON. Did Mr. Bolling request you to come here before the committee and tell the truth about the matter before or after he had ascertained that Mr. Essary had written a telegram to be sent to New York?

Mr. ROPER. I do not think he asked me to come until after he knew that Essary had sent the message.

Mr. HARRISON. Will you refresh your mind and give to the committee why you think that?

Mr. ROPER. Why, I think that because it is probably so.

Mr. HARRISON. I understand it is probably so, but——

Mr. ROPER (interposing). He had nothing on his mind until he learned that this message had been forwarded.

Mr. HARRISON. You had a conversation with Mr. Bolling or Mr. Connolly, and then it came out by you telling them that Mr. Essary had sent another message. Was that the way in which it came out?

Mr. ROPER. I do not know how it came out. I know that Mr. Bolling had come to me and said that he heard about this message of Essary being sent, and that he figured that that was the way the public thought that the leak was through Connolly.

Mr. HARRISON. That was after Mr. Connolly testified?

Mr. ROPER. Yes. I do not think Bolling knew anything about it until Frank testified.

Mr. HARRISON. Mr. Bolling came to you?

Mr. ROPER. Yes, sir.

Mr. HARRISON. Do you remember whether that was the morning or the afternoon that he came to you and asked you whether Mr. Essary had sent a message?

Mr. ROPER. I think it was after noon. He called me in the private office and said, "Ed, this is a terrible thing. Everybody in the public believes this about me and about my sister, and all this." He said, "What are we going to do about it?" I said, "Well, I will go up there if I can not get out of it; but if I am called, there will be nothing but truth in it." So every day or two he would come to me——

Mr. HARRISON (interposing). Never mind about every day or two, but following that he wanted you to come up here and testify?

Mr. ROPER. He certainly did.

Mr. HARRISON. He requested you to come?

Mr. ROPER. He did not request me. He asked me.

Mr. HARRISON. I understand. And you say you think that in that conversation he mentioned the fact first to you that he had understood that Mr. Essary had sent a message, or did you mention that fact first to him?

Mr. ROPER. Oh, no. He mentioned it first to me—that somebody had informed him that Mr. Essary had sent a message.

Mr. HARRISON. Who had informed him that Mr. Essary had sent a message?

Mr. ROPER. I do not know.

Mr. HARRISON. But did he say who had informed him that Mr. Essary had sent a message?

Mr. ROPER. He did not say.

Mr. HARRISON. Did you ask him in that conversation who had informed him?

Mr. ROPER. No; I did not.

Mr. HARRISON. Did you tell him that Mr. Essary had really sent the message?

Mr. ROPER. I took it for granted that he knew that, from what he said to me.

Mr. HARRISON. I see. And you told him it was so?

Mr. ROPER. Yes, sir.

Mr. HARRISON. And you told him what the message was that Mr. Essary had sent?

Mr. ROPER. I do not know whether I did or not. I simply took it for granted that he knew everything when he asked me to come up here. I never told him the contents.

Mr. HARRISON. Did he ask you what the contents were?

Mr. ROPER. No, sir. We did not discuss the contents with Mr. Bolling.

Mr. HARRISON. How long after that was it after that conversation that you had with Mr. Bolling that morning or that day—I do not know whether you stated the morning or the afternoon—how long was it before you went to look to see if you could not find the message that Mr. Essary had sent?

Mr. ROPER. I do not remember going to look for the Essary message.

Mr. HARRISON. Did you not look for the Essary message?

Mr. ROPER. I do not think so.

Mr. HARRISON. You never have looked for it?

Mr. ROPER. I do not think so. We go through the office once in a while, and if we find anything that does not belong there, we destroy it.

Mr. HARRISON. Well, you keep a record?

Mr. ROPER. A record of the office.

Mr. HARRISON. Of the business that you send over the wires?

Mr. ROPER. Not of messages but orders.

Mr. HARRISON. You do not keep any of these messages?

Mr. ROPER. No messages of that class.

Mr. HARRISON. You tear them up?

Mr. ROPER. At the end of the day.

Mr. HARRISON. That is the rule?

Mr. ROPER. No, that is not the rule; but there is no room for them and we destroy them.

Mr. HARRISON. Did Mr. Connolly ever come to you before he went to New York to testify and ask you about the message?

Mr. ROPER. I do not think so.

Mr. HARRISON. Are you sure about that?

Mr. ROPER. I am not sure, but I do not think he spoke to me about it.

Mr. HARRISON. Did he not talk to you and ask you to go with him over the papers, or for you to look over the papers to see whether or not you could find that message that you had sent or that Essary had sent?

Mr. ROPER. I do not know. He might have done so.

Mr. HARRISON. He knew that the Essary message had been sent before he went to New York?

Mr. ROPER. I think he did.

Mr. HARRISON. You had already talked about it somewhat?

Mr. ROPER. I do not know whether we had talked about it somewhat. I think he knew it was sent.

Mr. HARRISON. Why do you think he knew it was sent?

Mr. ROPER. Because it is my habit at the office to show Mr. Connolly everything that transpires at the office. There is nothing done in the office without his approval.

Mr. HARRISON. And a matter of that importance, that wound up "great moment," you would surely show it to him?

Mr. ROPER. Well, I do not know about that.

Mr. HARRISON. So it is your impression that Mr. Connolly knew about this Essary message before he went to New York to testify?

Mr. ROPER. I am not sure of that.

Mr. HARRISON. Well, pretty sure?

Mr. ROPER. That is my recollection.

Mr. HARRISON. A pretty strong impression?

Mr. ROPER. I would not say pretty strong.

Mr. HARRISON. I understood you to say that it was your universal custom to show Mr. Connolly all these messages?

Mr. ROPER. Not all these messages, but anything in keeping with the business. I think I have sent messages that appear to me to be as important as that, but which I have not shown to Frank Connolly.

Mr. HARRISON. I understood you to say that Mr. Connolly expressed regret that you had to come down here to testify this afternoon?

Mr. ROPER. I do not think he expressed any regret.

Mr. HARRISON. There has been no misunderstanding or any words between Mr. Connolly and Mr. Bolling?

Mr. ROPER. That is up to Connolly and Bolling. I do not know what trouble they had.

Mr. HARRISON. Did you hear there was some trouble about it?

Mr. ROPER. I do not think there was any trouble.

Mr. HARRISON. Was there any misunderstanding?

Mr. ROPER. That is up to them. They hold their own conferences.

Mr. HARRISON. Surely, that is for them. But I ask you whether you heard it?

Mr. ROPER. I did not hear of any trouble between Mr. Connolly and Mr. Bolling.

Mr. HARRISON. What was the trouble here?

Mr. ROPER. I do not know that I heard of any.

Mr. HARRISON. Was there any misunderstanding about it?

Mr. ROPER. I think they have held conferences in the back office without my being present.

Mr. HARRISON. There was no rumor around there that they had any falling out in the slightest way?

Mr. ROPER. If it was it did not reach me. I did not hear that rumor.

Mr. HARRISON. What is your first name?

Mr. ROPER. Edwin.

Mr. HARRISON. Ed?

Mr. ROPER. Edwin.

Mr. HARRISON. You buy your stocks on the stock exchange in the name of Ed Roper? That is the way your account is carried on the books?

Mr. ROPER. I never bought any stocks.

Mr. HARRISON. You never bought any stocks?

Mr. ROPER. No, sir.

Mr. HARRISON. Did you sell any stocks?

Mr. ROPER. No, sir.

Mr. HARRISON. There is an Ed Roper who does business on the books?

Mr. ROPER. That is E. A. Roper, I think, or Ed Roper.

Mr. HARRISON. That is not you?

Mr. ROPER. Yes, sir.

Mr. HARRISON. That is you?

Mr. ROPER. Yes, sir.

Mr. HARRISON. Now, you say you have bought some stocks?

Mr. ROPER. I said I had not bought any stock.

Mr. HARRISON. You have not sold any there?

Mr. ROPER. No, sir.

Mr. HARRISON. I see. Now, what Ed Roper is that that is on the books of Connolly & Co. as a customer?

Mr. ROPER. My name is on there.

Mr. HARRISON. Not buying and selling stock?

Mr. ROPER. Not the stock.

Mr. HARRISON. You did not buy or sell any on this day?

Mr. ROPER. No; no stocks. I do not deal in stocks.

Mr. HARRISON. You did not sell anything that day?

Mr. ROPER. No stock.

Mr. HARRISON. What do you mean by no stock?

Mr. ROPER. You asked me——

Mr. HARRISON (interposing). Did you buy or sell any bonds?

Mr. ROPER. Yes, sir.

Mr. HARRISON. What day?

Mr. ROPER. What day are you asking me for?

Mr. HARRISON. That is, on December 20 did you buy or sell any bonds?

Mr. ROPER. I do not know, but the books will show.

Mr. HARRISON. You do not remember, then?

Mr. ROPER. I do not remember of it. I bought bonds. You ask why was I there?

Mr. HARRISON. Do you remember every day you bought and sold?

Mr. ROPER. That is the only one.

Mr. HARRISON. The only one?

Mr. ROPER. Yes, sir; the only one.

Mr. HARRISON. I just hit the only day you ever did that?

Mr. ROPER. Yes; that is the one.

Mr. HARRISON. The day you bought those bonds?

Mr. ROPER. I could not tell you the date.

Mr. HARRISON. Was it in the month of December?

Mr. ROPER. I could not tell you. The books will show. You can get it without any trouble.

Mr. HARRISON. I understand. It was some time after your firm got started?

Mr. ROPER. The trade was placed with F. A. Connolly & Co. They were formed August 15. The books will show the date the bonds were bought and sold, and so will Hutton's books.

Mr. HARRISON. Do you know whether it was between December 20 and ——

Mr. ROPER (interposing). Well, let us get the books.

Mr. HARRISON. You do not remember this, then?

Mr. ROPER. And there is no use of asking me.

Mr. HARRISON. Did you refresh your mind——

Mr. ROPER (interposing). Never mind; let us get the books. They will show whether Burlington 4 per cent joint bonds were bought and whether they were sold.

Mr. HARRISON. Was it before or after Christmas?

Mr. ROPER. I do not know. The books will show. You will get the exact date; you will get the exact minute from the books.

Mr. HARRISON. You did not get them as a birthday present or for a Christmas present?

Mr. ROPER. I think I did, for a birthday present. I bought them for my boy, to educate my boy, Edwin Roper, jr., at Cornell. The market advanced and I sold them out. If you want to know all my personal business, there it is. I thought the market was too high and I sold it, intending to buy it when the market broke.

Mr. HARRISON. You did not buy it back?

Mr. ROPER. No, sir.

Mr. HARRISON. That is the only transaction you had with F. A. Connolly & Co.?

Mr. ROPER. The books will show the day.

Mr. HARRISON. On this day you say you sent these messages, December 20, was that the only transaction you had or did you have any other transactions?

Mr. ROPER. What message?

Mr. HARRISON. The message that you have been talking about that Mr. Essary had sent or that Mr. Connolly had sent.

Mr. ROPER. You mean, is that the only message I sent?

Mr. HARRISON. Did you deal on the stock exchange, either by buying stocks or selling stocks?

Mr. ROPER. On December 20?

Mr. HARRISON. Yes.

Mr. ROPER. If those two bonds were bought and sold on December 20, that is the only transaction I ever had.

Mr. HARRISON. Was that transaction made on December 20?

Mr. ROPER. No, sir; but we can get the books. There is no use arguing.

Mr. HARRISON. You do not remember whether it was before or after you obtained——

Mr. ROPER (interposing). I do not remember.

Mr. HARRISON. Wait a minute. You have not heard the question. You could not answer it until you heard it. Did you know what the question was going to be?

Mr. ROPER. What question?

Mr. HARRISON. I will ask you again.

Mr. ROPER. Go ahead.

Mr. HARRISON. Do you know whether or not you bought these bonds after 1.35 p. m. on December 20, or before?

Mr. ROPER. The date of the purchase of the bonds was not important to me. I did not make a note of it in my mind. There is no importance attached to it. The books will show when they were bought and when they were sold.

Mr. HARRISON. How much did you realize on that transaction?

Mr. ROPER. I do not know. I never asked the bookkeeper. The books are there to show that.

Mr. HARRISON. Could you give us any idea?

Mr. ROPER. Those two bonds were bought at 98½ and sold at 98½ or 99. If they were sold at 98¾, that is three-fourths, or \$15. Then I have got to pay a commission and also a little tax. They were not

bought for speculation, but for an investment. I got out when the market was high, intending to get in when it was lower.

Mr. HARRISON. Nobody else in your family bought any bonds on this day?

Mr. ROPER. There is no other Roper named on the books of Connolly.

Mr. HARRISON. There is no other Roper named on the books of Connolly?

Mr. ROPER. No, sir.

Mr. HARRISON. You are sure of that?

Mr. ROPER. Well, I have worked pretty hard on those books. It is possible that somebody might slip in a Roper.

Mr. HARRISON. Is G. W. Roper any connection of yours?

Mr. ROPER. Oh, yes; that is my brother, George W. Roper.

Mr. HARRISON. He is on the books?

Mr. ROPER. I think he is.

Mr. HARRISON. Do you recall on this day, December 20, whether he sold any bonds?

Mr. ROPER. I do not know whether he sold any bonds. I think he sold some steel.

Mr. HARRISON. You think he sold some steel?

Mr. ROPER. Steel, or something like that, or Anaconda.

Mr. HARRISON. On that day?

Mr. ROPER. I could not give you the date.

Mr. HARRISON. Did you have any conference with your brother on December 20?

Mr. ROPER. I do not remember whether he was in the office on December 20.

Mr. HARRISON. Is he usually in the office?

Mr. ROPER. Oh, he comes in occasionally. He was in there the other day, I think.

Mr. HARRISON. How often does he come in?

Mr. ROPER. He comes in occasionally. You know what that word means as well as I do.

Mr. HARRISON. What would you say that means? Seven times a week?

Mr. ROPER. No; "regularly" would be every day, but, of course, the office is not open on Sunday.

Mr. HARRISON. Buy five times a week would be occasionally?

Mr. ROPER. Well, yes.

Mr. HARRISON. He comes in from day to day?

Mr. ROPER. Sometimes once a week.

Mr. HARRISON. You say that on this occasion he sold some steel?

Mr. ROPER. Yes; and Anaconda.

Mr. HARRISON. He sold it short, did he not?

Mr. ROPER. Yes.

Mr. HARRISON. And your recollection is that it was the same day you sold these bonds?

Mr. ROPER. I do not know. It might be a coincidence. Let us get those dates.

Mr. HARRISON. Did you advise him to sell steel short that day?

Mr. ROPER. I do not advise anybody in the market.

Mr. HARRISON. But you talked to him?

Mr. ROPER. Yes, sir.

Mr. HARRISON. And you suggested that it was a good time?

Mr. ROPER. Well, he has a pretty good opinion of the market.

Mr. HARRISON. And he reinforced that opinion with your opinion?

Mr. ROPER. Oh, no. He thinks he knows a good deal about the market. A good many people do.

Mr. HARRISON. But he talked to you about the market?

Mr. ROPER. Yes, sir.

Mr. HARRISON. And on this day you told him what you thought about the market?

Mr. ROPER. No, sir. I do not think either one tried to guess the market.

Mr. HARRISON. Did you tell him about these messages that had been sent over the wire on December 20?

Mr. ROPER. No, sir. The message has never been mentioned to my brother.

Mr. HARRISON. You never talked to him about that?

Mr. ROPER. No, sir.

Mr. HARRISON. Is there any other Roper on the books of Connolly & Co.?

Mr. ROPER. Well, I just told you there was not any other Roper, and you found one.

Mr. HARRISON. Are you sure about that?

Mr. ROPER. I do not remember. Just take the books. You have got both of the books, Hutton's and Connolly's. I will be pleased to bring the ledger down here. I have got nothing to hide.

Mr. HARRISON. That is all.

Mr. ROPER. Thank you.

The CHAIRMAN. Just a minute, Mr. Roper. Mr. Whipple may have some questions.

Mr. WHIPPLE. Can you remember who the operator was who took the Essary message at the other end?

Mr. ROPER. That would be impossible for me to say. Hutton has a large force of operators. Sometimes they have a man on all day, and sometimes he is off intermittently, for lunch, and then he is on again regularly. It would be impossible to say who he was. I have worked with Mr. Hummell, Mr. Becker, Mr. Maltby, and Mr. Shea. That is four I remember. I think there are others who come on the wires.

Mr. WHIPPLE. Can you remember any others who came on?

Mr. ROPER. I do not think I know the name of any other of the operators up there.

Mr. WHIPPLE. But you remember those?

Mr. ROPER. Yes; some of them. They have told me their names as they come on the wire.

Mr. WHIPPLE. You can frequently, or at least usually, tell who is on the other end, can you not?

Mr. ROPER. Once in a while an operator has a certain handwriting on the wire, the same as in ordinary handwriting, and you can recognize the operator in that way.

Mr. WHIPPLE. And sometimes you ask who it is?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. Now, you spoke of the stock exchange requirements in regard to telegraphers?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. The committee might be interested in knowing what they are.

Mr. ROPER. About what?

Mr. WHIPPLE. About telegraphers.

Mr. ROPER. Well, it is simply that the exchange approves every telegrapher who is placed in a position. If you apply for a position as a telegraph operator with the stock exchange, they look up your record, and if they do not think you are good looking, or too good looking, they will tell you there is no place for you.

Mr. WHIPPLE. Does it depend on their personal appearance or upon moral qualities?

Mr. ROPER. You will have to ask Wall Street.

Mr. WHIPPLE. Don't you know whether inquiry is made as to whether you are a fit person to be a telegrapher in an exchange house, whether they ask about your reliability as a man, or whether they ask to your size, weight, etc.?

Mr. ROPER. I could not tell you what they ask about. They simply approve or disapprove you.

Mr. WHIPPLE. I see. Well, if it was only a matter involving your physical description, of course, you would not lose your place because you have told this committee about a business secret of your employer? It must have been something of that sort?

Mr. ROPER. I did not know I was telling any secrets.

Mr. WHIPPLE. You said that you were afraid you might be disqualified from being a stock-exchange telegrapher?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. In a stock-exchange house?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. By reason of testifying before the committee?

Mr. ROPER. Yes, sir.

Mr. WHIPPLE. What was there about testifying before the committee that you feared, or that you fear might disqualify you?

Mr. ROPER. I do not know. That is what worries me. I do not know.

Mr. WHIPPLE. Not because you would lose flesh or change color by it?

Mr. ROPER. Well, you can not ever tell.

Mr. CHIPERFIELD. I am sure that looks did not have much to do with it.

Mr. LENROOT. Just one question. Will you give the committee the names of the employees in Connolly & Co.'s office other than yourself?

Mr. ROPER. All the employees?

Mr. LENROOT. Yes, sir.

Mr. ROPER. Mr. Walter White, the bookkeeper and cashier. There are two young men who work in the office. I think one of them is named Lammert.

Mr. LENROOT. Do you know his first name?

Mr. ROPER. I do not know his first name. Another man is there by the name of Bacon.

Mr. LENROOT. Do you know his first name?

Mr. ROPER. I think his name is Preston; Preston Bacon. Let me see, there is Bacon, White, Lammert, and myself. Then there are two young ladies, the telephone operator and the stenographer.

Mr. LENROOT. What are their names?

Mr. ROPER. I do not believe I know. I do not know. I am in the telegraph room and do not mix around the office very much. I have not the time.

Mr. CHIPERFIELD. When you finish sending a message, is there any signal to indicate that the message has been received O. K.?

Mr. ROPER. Sometimes the signal is given and sometimes it is not.

Mr. CHIPERFIELD. What is the practice?

Mr. ROPER. If it is the last message I send—if I do not break the continuity of it, there is no O. K. at all. I keep straight on.

Mr. CHIPERFIELD. Suppose there is a message put on the wire and for a minute or two you do not get anything. What do you get?

Mr. ROPER. The operator will make the letter "I," to close the key. Sometimes he will say "O. K." Sometimes he will walk away from the wire and not say anything.

Mr. CHIPERFIELD. A sort of grouch?

Mr. ROPER. It might appear to be that, but still, in the business, you understand it.

Mr. CHIPERFIELD. But is there habitually a signal employed to indicate that the message has been received O. K.?

Mr. ROPER. Not altogether with brokers' houses, but with railroad companies there is; but with a private wire it is different, perhaps.

Mr. CHIPERFIELD. Well, in order that we may understand it and get both ends of the testimony, here and in New York, is it the practice——

Mr. ROPER (interposing). I do not get that.

Mr. CHIPERFIELD. So that we may compare the testimony with the testimony of the operators on the New York end, I ask you now, is it habitual to O. K. the receipt of a message?

Mr. ROPER. I do not think it is habitual with Hutton & Co.

Mr. CHIPERFIELD. Is it customary?

Mr. ROPER. Different operators might and different operators might not.

Mr. CHIPERFIELD. I do not care about what different operators do. Is it customary in Hutton & Co.'s office to O. K. the receipt of messages?

Mr. ROPER. It is not customary with me. They might have a custom——

Mr. CHIPERFIELD (interposing). I do not care whether it is customary with you or not.

Mr. ROPER. I do not know Mr. Hutton's rule.

Mr. CHIPERFIELD. I do not care what his rule is. You handle one end of that wire and you know what goes on. Is it customary to O. K. the receipt of your messages?

Mr. ROPER. Some messages.

Mr. CHIPERFIELD. That does not answer my question.

Mr. ROPER. All right. I can not tell you.

Mr. CHIPERFIELD. You are going to tell me before I am done, and I am not going very much further before we take the procedure to get you to tell.

Mr. ROPER. All right, sir.

Mr. CHIPERFIELD. Is it customary to O. K. the receipt of messages sent by Connolly & Co. to Hutton & Co. by wire?

Mr. ROPER. Now, is it customary for Hutton's men to do it, or for a certain man who works in my office, or for every man in the office, in his office, or for every man in my office?

Mr. CHIPERFIELD. I do not think we will be led astray in any such manner as that. Is it customary for you to receive an O. K. on messages you send.

Mr. ROPER. On some messages, and on some messages not. If I say "I want a hundred shares of Steel," I will get an O. K., and on other messages I do not, because we sometimes have the market open high and if we leave the wire we do not say O. K., but if the market starts down, we will be sending back and forth from 9 o'clock on, and it will not be necessary to say O. K. on any message.

Mr. CHIPERFIELD. I hope I am not cutting off your reply?

Mr. ROPER. If I did not make myself clear, I will be glad to go over it again.

Mr. CHIPERFIELD. Please do not do that, for that would involve trespassing upon eternity.

Mr. ROPER. Well, we are both young.

Mr. CHIPERFIELD. I do not want to concede that in your favor.

Mr. ROPER. I am all right.

Mr. CHIPERFIELD. You certainly recommend yourself all right.

Mr. ROPER. But look at the bunch I am up against.

Mr. CHIPERFIELD. Let us discontinue this buffoonery, for it will get us nowhere.

Mr. ROPER. All right.

Mr. CHIPERFIELD. You regard it as more important to get a message O. K.'d which involves an order for 100 shares of Steel than you do on a message which affects the entire country?

Mr. ROPER. No, sir. We do not care anything about that at all. I am only there for business. If an operator misses this kind of message it is none of my business. But if it is an order for 100 shares of steel I will tear down the office to see that the operator gets that message.

Mr. CHIPERFIELD. Do you think that as a telegrapher, when you are sending on a wire that has gone dead, and there is no indication on your instrument, that there is no intuitive instinct to tell you that the wire is dead?

Mr. ROPER. If it is a dead wire? I do not understand that. If the wire is dead you first call up and get the office. You are trying to tell me about telegraphy when I am a telegrapher.

Mr. CHIPERFIELD. I will teach you a little about manners, if you please.

Mr. ROPER. We will take a correspondence school course together.

Mr. CHIPERFIELD. My question is——

The CHAIRMAN (interposing). Just a moment.

Mr. ROPER. Oh, we are talking manners now.

Mr. CHIPERFIELD. I am sure, Mr. Chairman, that anything I might say on that subject would not profit him.

Mr. ROPER. Not at all.

Mr. CHIPERFIELD. So I will direct my question——

The CHAIRMAN (interposing). Just a moment, Mr. Chiperfield, if you will suspend. Mr. Whipple, is Mr. Essary here?

Mr. WHIPPLE. Yes, sir.

The CHAIRMAN. Did you wish to go on with Mr. Essary this afternoon?

Mr. WHIPPLE. I would prefer to go on with Mr. Essary now.

Mr. CHIPERFIELD. That will be all right.

Mr. WHIPPLE. Mr. Roper, do you see Mr. Essary in the room?

A VOICE. There he is.

Mr. WHIPPLE. Oh, no; no.

Mr. ROPER. Well, he has been identified now. I did not see him until that gentleman pointed him out.

Mr. WHIPPLE. Do you recognize him as the gentleman who handed you the note?

Mr. ROPER. Yes, sir.

The CHAIRMAN. Mr. Roper, you will be excused from the room. The committee will need you again.

Mr. CHIPERFIELD. I want to resume my examination Monday morning.

The CHAIRMAN. You understand that you are to be here Monday morning at 10 o'clock. You may stand aside now.

Mr. ROPER. Thank you, sir. I will be here Monday morning at 10 o'clock.

TESTIMONY OF J. FRED ESSARY.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name?

Mr. ESSARY. J. Fred Essary.

Mr. WHIPPLE. Where do you reside?

Mr. ESSARY. Washington.

Mr. WHIPPLE. What is your occupation?

Mr. ESSARY. Newspaper correspondent.

Mr. WHIPPLE. How long have you followed that occupation?

Mr. ESSARY. I have been in the newspaper business 15 years.

Mr. WHIPPLE. What is your present engagement?

Mr. ESSARY. Correspondent of the Baltimore Sun.

Mr. WHIPPLE. And what does that imply and involve—being a correspondent of the Baltimore Sun? Are you in charge of the news-gathering end? Have you work in Washington?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Where is your office?

Mr. ESSARY. In the Bond Building in this city.

Mr. WHIPPLE. Do you have assistants there? What is the organization of your office?

Mr. ESSARY. Yes; we have a complete newspaper bureau—a staff of five men.

Mr. WHIPPLE. Who are your assistants there?

Mr. ESSARY. Mr. Crown, Mr. Combs, Mr. Hanby, and Mr. Bradley.

Mr. WHIPPLE. And you are at the head of the organization?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. These gentlemen act under you?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. To what particular duties are the respective gentlemen assigned, or were they assigned last December?

Mr. ESSARY. Mr. Crown is my immediate assistant as news writer.

Mr. WHIPPLE. Perhaps you had better tell what duties they had in December.

Mr. ESSARY. I had charge of the entire office.

Mr. WHIPPLE. Now, what does that mean? Do you go to this place or that place and take the news as a reporter and send it to your paper?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Or do you employ others to do it?

Mr. ESSARY. Both.

Mr. WHIPPLE. Now, what were you doing in December? Were you attending to any particular duty? That is, were you covering the White House or the departments; or what were you doing?

Mr. ESSARY. I was covering them as near as I could; as well as I could.

Mr. WHIPPLE. What were the duties of your assistants?

Mr. ESSARY. Mr. Crown has particular charge of the House of Representatives.

Mr. WHIPPLE. He was in the press gallery?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. State what the duties of the others were.

Mr. ESSARY. Mr. Hanby has charge of the circulation. Mr. Combs has charge of the business office. Mr. Bradley is the night man.

Mr. WHIPPLE. How does he secure news?

Mr. ESSARY. Who it that?

Mr. WHIPPLE. Bradley, the night man.

Mr. ESSARY. He handles all matters that come in late at night.

Mr. WHIPPLE. That is, over the telephone?

Mr. ESSARY. Over the telephone or otherwise.

Mr. WHIPPLE. Does he circulate about the city during the night getting news?

Mr. ESSARY. To some extent.

Mr. WHIPPLE. Were you one of those who were present when Mr. Secretary Lansing made some sort of statement to reporters on the morning of December 20?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. Who was representing your house?

Mr. ESSARY. I had no representative there.

Mr. WHIPPLE. No one was there at all?

Mr. ESSARY. No.

Mr. WHIPPLE. No one represented the Sun?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. Did you hear that an announcement had been made by the Secretary?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. When?

Mr. ESSARY. Oh, I heard it in the course of the morning; maybe noon or a little before noon.

Mr. WHIPPLE. A little before noon?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Do you remember from whom and how you heard it?

Mr. ESSARY. No; not definitely. I heard it at the White House first. I came by there, as was my custom.

Mr. WHIPPLE. Can you think from whom you learned it at the White House?

Mr. ESSARY. No; not positively.

Mr. WHIPPLE. But you think it was some time before noon?

Mr. ESSARY. Oh; I am sure it was.

Mr. WHIPPLE. Did you learn it in the press room?

Mr. ESSARY. I probably did.

Mr. WHIPPLE. Can you remember who else was there when you learned it?

Mr. ESSARY. No, sir; I can not remember it.

Mr. WHIPPLE. Do you know the firm of F. A. Connolly & Co.?

Mr. ESSARY. Quite well.

Mr. WHIPPLE. Have you been in the habit of visiting that firm?

Mr. ESSARY. Oh, from time to time. They are neighbors of ours; in the same building.

Mr. WHIPPLE. How frequently had you been in their office?

Mr. ESSARY. Well, I do not know how to express the matter of frequency. I have been in there off and on ever since they have opened their office. I drop in there from time to time.

Mr. WHIPPLE. As much as once a day?

Mr. ESSARY. Oh, no; once a week or so.

Mr. WHIPPLE. Now, what do you say as to having sent a telegram or message over their private wire through Mr. Roper, or otherwise, prior to December 20?

Mr. ESSARY. Prior to December 20?

Mr. WHIPPLE. Yes.

Mr. ESSARY. I do not recollect sending any messages over their private wire. I sent one message over their private wire in the absence of Mr. Connolly.

Mr. WHIPPLE. When?

Mr. ESSARY. On December 20.

Mr. WHIPPLE. Mr. Roper said that not infrequently messages came in bearing your signature, to be sent, and that he did telegraph them over the wire. Is that a fact?

Mr. ESSARY. I imagine so. I dictated or wrote out a little memorandum.

Mr. WHIPPLE. For whom?

Mr. ESSARY. Mr. Connolly.

Mr. WHIPPLE. How frequently were you in the habit of writing out memoranda to be sent over Mr. Connolly's wire to Hutton?

Mr. ESSARY. I do not know. I would not venture to guess, but not frequently.

Mr. WHIPPLE. Well, how many of them? The firm has not been running long. Perhaps you could tell us how many prior to December 20?

Mr. ESSARY. Prior to December 20?

Mr. WHIPPLE. Yes.

Mr. ESSARY. I hesitate to say because I do not know. I honestly do not know.

Mr. WHIPPLE. Would a dozen cover it?

Mr. ESSARY. Oh, I should say not.

Mr. WHIPPLE. Do you say a dozen would not cover it?

Mr. ESSARY. I should say a dozen would more than cover it.

Mr. WHIPPLE. A dozen would more than cover it?

Mr. ESSARY. Decidedly.

Mr. WHIPPLE. Would you mind stating the nature of those messages that you thus sent?

Mr. ESSARY. Well, I gave them an opinion on one occasion as to whether I thought there would be any settlement of the strike situation. I gave an opinion on one occasion—now, I am trying to recall, but I can not offhand. It was just general news matters that seemed to have a business interest.

Mr. WHIPPLE. Affecting the stock market?

Mr. ESSARY. Not necessarily.

Mr. WHIPPLE. Well, this was a stock market concern giving them to you, was it not?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Now, the last witness said that they were in typewritten form. Did you keep a copy or any manifold copies of what you gave?

Mr. ESSARY. No; I did not.

Mr. WHIPPLE. How did you make them?

Mr. ESSARY. On the typewriter.

Mr. WHIPPLE. What is your stenographer's name?

Mr. ESSARY. I am my own stenographer.

Mr. WHIPPLE. You do not dictate them but you strike yours off on your own machine?

Mr. ESSARY. Oh, all on my own machine; yes, sir.

Mr. WHIPPLE. Did you do that with the message on December 20?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. That is, you struck it off on the typewriter?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Now, will you tell the gentlemen of the committee just what you did after striking off this message on your typewriter, and at what time of day you struck it off?

Mr. ESSARY. I do not know. It was along about 1 o'clock. I had been to lunch and to the club and back to the office.

Mr. WHIPPLE. You had heard that Secretary Lansing had made an announcement?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Whom had you seen between the time of Secretary Lansing's announcement and the time when you dictated this typewritten statement?

Mr. ESSARY. Oh, I may have seen a score or more people. I do not know.

Mr. WHIPPLE. On what did you typewrite? Can you remember?

Mr. ESSARY. What?

Mr. WHIPPLE. What sort of paper?

Mr. ESSARY. Ordinary copy paper, I assume.

Mr. WHIPPLE. Was it or was it not on a Postal Telegraph blank, on the back side of it?

Mr. ESSARY. Well, you do not understand me. Copy paper, you know, up until very recently, had been furnished by the telegraph companies to the local companies.

Mr. WHIPPLE. Was it on a telegraph blank and on the back side of it?

Mr. ESSARY. It may have been.

Mr. WHIPPLE. To whom was it addressed?

Mr. ESSARY. I think——

Mr. WHIPPLE. It was telegraph copy paper.

Mr. ESSARY. Copy paper supplied to newspaper offices by telegraph companies.

Mr. WHIPPLE. For writing telegrams and taking copy of them at the same time?

Mr. ESSARY. No.

Mr. WHIPPLE. Why do you call it "copy paper"?

Mr. ESSARY. Because that is a term used in all newspaper offices to describe newspaper from other matter.

Mr. WHIPPLE. Do you have such copy paper from the Postal Telegraph Co.?

Mr. ESSARY. I did until recently.

Mr. WHIPPLE. You did until that time?

Mr. ESSARY. I did until the last two or three days.

Mr. WHIPPLE. Now, will you not tell us what you did after transcribing or typewriting this message—or, first, tell us to whom was it addressed.

Mr. ESSARY. I think I addressed it to Mr. Ellis.

Mr. WHIPPLE. Mr. Ellis?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Who is Mr. Ellis?

Mr. ESSARY. Mr. Ellis is a member of the firm of Hutton & Co.

Mr. WHIPPLE. Had you addressed typewritten messages to Mr. Ellis, of Hutton & Co., before that?

Mr. ESSARY. Yes; one or more of them.

Mr. WHIPPLE. How long had you been doing it?

Mr. ESSARY. Oh, maybe—well, I have been doing it since the firm opened.

Mr. WHIPPLE. Under what arrangement?

Mr. ESSARY. No arrangement; purely friendly arrangement.

Mr. WHIPPLE. How did you know Mr. Ellis?

Mr. ESSARY. Mr. Ellis?

Mr. WHIPPLE. Yes.

Mr. ESSARY. I did not know him personally.

Mr. WHIPPLE. How did you make the arrangement whereby you were typewriting messages and sending them over the Hutton wire to Mr. Ellis?

Mr. ESSARY. I sent them over the Hutton wire—over—through my friend Connolly.

Mr. WHIPPLE. Who asked you to do it?

Mr. ESSARY. Connolly asked me to do it.

Mr. WHIPPLE. Tell us what he said when he asked you to do it.

Mr. ESSARY. You must understand——

Mr. WHIPPLE. No; pardon me.

Mr. ESSARY. I have not been permitted——

Mr. WHIPPLE. You will be allowed ample opportunity to make the fullest explanations. I think the committee would like to have a direct answer, for the present, at least, if you will endeavor to do so, and therefore I put the question: What talk did you have with Connolly about it when the arrangement was made whereby you thereafter transmitted messages over this private wire to Mr. Ellis, of the Hutton firm?

The CHAIRMAN. If counsel will allow me just a moment. [To Mr. Essary.] Mr. Essary, the committee will afford you opportunity after Mr. Whipple has finished to make other statements if you wish; but, for the present, if you will make categorical answers to the interrogatories as he propounds them it will help us along, as we wish to progress as rapidly as possible.

(The pending question was read by the stenographer.)

Mr. ESSARY. I had no definite arrangement with Mr. Connolly.

Mr. WHIPPLE. Why, you had some talk; that must be perfectly obvious——

Mr. ESSARY. Yes.

Mr. WHIPPLE (continuing). To anyone that you would not begin sending messages to Ellis without some talk?

Mr. ESSARY. Yes.

Mr. WHIPPLE. That is what I mean by "arrangement." I am not now talking about money or contracts. I want you to state that talk.

Mr. ESSARY. Yes; as a matter of fact——

Mr. WHIPPLE. How came you to do it?

Mr. ESSARY. As a matter of fact, Connolly, who was at the head of this firm here, is a very intimate personal friend of mine and has been for years a neighbor of mine—an advertiser in my paper, incidentally. When he opened his office next door to me he frequently—frequently consulted with me about this matter and that matter and the other matter and told me more than once that he would appreciate any assistance I could give him to make his office a success, and I ventured more than once such little assistance as I could give him with respect to matters that seemed to me would be of interest to him and to his people.

Mr. WHIPPLE. That is all right. You tell us justly. But you began sending messages to a certain man in New York?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And now I want to know the conservation which resulted in your doing that. You must have heard Ellis's name?

Mr. ESSARY. I do not recall any conversation resulting in doing that.

Mr. WHIPPLE. How did you hear Ellis's name? How did you happen to know how to direct——

Mr. ESSARY. I have heard of this man's associates in New York ever since he has been there.

Mr. WHIPPLE. How did you happen to send it to Ellis instead of Hutton? Tell us that conversation.

Mr. ESSARY. I can not recall that conversation.

Mr. WHIPPLE. Did he ask you to direct communications to Ellis?

Mr. ESSARY. He—he—he had told me more than once that he communicated with Ellis when he had matters of interest.

Mr. WHIPPLE. And, then, do you mean, and is it your statement to the committee that you commenced direct communications to Ellis and handing them in just because you knew more than once Connolly himself had?

Mr. ESSARY. Yes.

Mr. WHIPPLE. That is the reason?

Mr. ESSARY. Oh, substantially.

Mr. WHIPPLE. In other words, Connolly told you that he had been transmitting intelligence to Ellis, and you took up the habit yourself

of handing in messages directed to Ellis without anyone suggesting that you send them to him? You surely do not mean that?

Mr. ESSARY. I did not say I did.

Mr. WHIPPLE. How did you begin and how did you continue sending messages directed to Ellis, of the Hutton firm?

Mr. ESSARY. Undoubtedly at the suggestion of Connolly.

Mr. WHIPPLE. That is what I asked you. He asked you that such messages as you sent to send them to Ellis, did he?

Mr. ESSARY. Why, substantially; yes.

Mr. WHIPPLE. And when did you begin doing it?

Mr. ESSARY. I do not recollect.

Mr. WHIPPLE. Well, give us your best recollection.

Mr. ESSARY. I have no definite recollection on that.

Mr. WHIPPLE. Was it as early as September?

Mr. ESSARY. No; I would think not.

Mr. WHIPPLE. After you did begin, continuously thereafter from time to time you used to send messages to Mr. Ellis, of the Hutton firm; is that right?

Mr. ESSARY. Oh, maybe once in 10 days or two weeks.

Mr. WHIPPLE. And you would prepare them and sign them and send them down to Connolly to send?

Mr. ESSARY. Sometimes.

Mr. WHIPPLE. And sometimes you would go down there and dictate them there to send; is that correct?

Mr. ESSARY. I may have done that once or twice.

Mr. WHIPPLE. Those things related to happenings in Washington which were likely to affect the stock market; that is true, is it not?

Mr. ESSARY. Having more or less business bearing; yes.

Mr. WHIPPLE. And you knew that you were doing it because the Hutton firm wanted to get through Connolly the quickest advices that they could, intelligence that they could, as to the happening of events in Washington that were likely to affect the stock market; that is true, is it not?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And you knew that that was the service that you were performing for Hutton & Co. at the request of Connolly; that is correct, is it not?

Mr. ESSARY. The service I was performing was for Connolly, not for Hutton & Co. I had no interest in them.

Mr. WHIPPLE. I know it; but you were not directing your messages to Connolly & Co., you were directing them to the Hutton Co., were you not?

Mr. ESSARY. I was handling what messages I wrote or what messages I indicated to Connolly or to Connolly & Co.

Mr. WHIPPLE. Yes; but they were directed as you have already told us?

Mr. ESSARY. Yes; certainly.

Mr. WHIPPLE. To a member of the firm, not Hutton & Co.?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Why did you not send them to Hutton & Co.? Why did you send them to this Mr. Ellis instead of to Hutton? Is that what Connolly told you?

Mr. ESSARY. Undoubtedly at his suggestion; yes.

Mr. WHIPPLE. Did you keep any copies of those messages?

Mr. ESSARY. No; none whatever.

Mr. WHIPPLE. Can you narrate to the gentlemen of the committee what the messages were?

Mr. ESSARY. No; I could not.

Mr. WHIPPLE. Or any of them prior to December 20?

Mr. ESSARY. No.

Mr. WHIPPLE. Beg pardon.

Mr. ESSARY. No.

Mr. WHIPPLE. Can you tell what message you sent to Ellis on December 20? [After a pause.] In the first place, you said you prepared it at your own office, did you not?

Mr. ESSARY. Yes. I made a little memorandum of what I had understood was the purport of a message.

Mr. WHIPPLE. Purport of what message?

Mr. ESSARY. Not a message, but of some statement that was to be given out later in the day at the State Department.

Mr. WHIPPLE. Who told you the purport of a message that was to be given out later in the day by the State Department?

Mr. ESSARY. I have no recollection definitely as to who it was, but I saw a number of people during the time prior to writing that memorandum.

Mr. WHIPPLE. Did somebody tell you the purport of a message that was to be given out that afternoon?

Mr. ESSARY. I gathered the purport—from a—from a number of conversations I no doubt had during the course of the morning.

Mr. WHIPPLE. You knew that the message had not been given out, and was not to be until 5 o'clock?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Who told you the purport of what it was to be?

Mr. ESSARY. I do not recollect.

Mr. WHIPPLE. Who did you talk with on the subject?

Mr. ESSARY. I do not recollect.

Mr. WHIPPLE. That is, some one told you on December 20 the purport of a message from the State Department that was to be given out at 5 o'clock, and you can not remember who did it?

Mr. ESSARY. No.

Mr. WHIPPLE. Well, you knew that no one ought to know, except those in authority, as to what the purport of that message was until 5 o'clock, did you not?

(At the request of Mr. Essary the stenographer read the pending question.)

Mr. ESSARY. Yes; so far as knowing is concerned.

Mr. WHIPPLE. Yes; that is it. Who told you, in the forenoon of that day, the purport of a message to be given out by the Secretary of State at 5 o'clock?

Mr. ESSARY. I have testified I have no recollection of any conversation with any given individual on that point.

Mr. WHIPPLE. Well, now, let us get at that so that there can be no misunderstanding.

Mr. ESSARY. Very well.

Mr. WHIPPLE. You learned that an important message was to be given out at 5 o'clock, and still you say that somebody told you the

purport of what was to be given out at 5 o'clock, something during the forenoon?

Mr. ESSARY. I said I gathered the purport; I did not say any individual told me the purport of that message.

Mr. WHIPPLE. From whom did you gather the purport of a message?

Mr. ESSARY. I have testified twice—three times—I did not recollect.

Mr. WHIPPLE. Can you tell us who you talked with?

Mr. ESSARY. No; I could not definitely tell you who I talked with. I may call a lot of names at random.

Mr. WHIPPLE. Who was it that, among those you talked with, who would be likely to know the purport of a paper to be given out by the State Department at 5 o'clock? Who would know, of the people you talked with, what was in a paper that was not to be given to the reporters even until 5 o'clock? [After a pause.] Will you tell this committee?

Mr. ESSARY. I do not mind telling this committee that I may have heard, and did hear from some of my newspaper associates, that a message was to be given out at 5 o'clock.

Mr. WHIPPLE. Who told you the purport of it?

Mr. ESSARY. Nobody told me the direct purport. I gathered the purport of the message.

Mr. WHIPPLE. Well, from whom did you gather the purport of the message which was still in the hands of the Secretary of State, guarded there and not to be given out until 5 o'clock—from whom did you gather the purport of that?

Mr. ESSARY. I gathered the purport of that from my own knowledge of the situation; I did not have to be told that.

Mr. WHIPPLE. That is, hearing that the Secretary of State was to give out a message in the afternoon, you, in the forenoon, divined, practically, what that message was to be, because of your knowledge of the situation?

Mr. ESSARY. I did not.

Mr. WHIPPLE. How did you know what the purport of it was to be, then?

Mr. ESSARY. I did not.

Mr. WHIPPLE. You have told the committee more than once that you did know; that you attempted to state what the purport of it was to be.

Mr. ESSARY. I assumed that I knew.

Mr. WHIPPLE. You assumed that you knew?

Mr. ESSARY. As a matter of fact, I did not know and was very considerably mistaken.

Mr. WHIPPLE. That is, you assumed that you knew the purport of a paper that was to be given out by the State Department, but not until 5 o'clock; is that true?

Mr. ESSARY. I conjectured it; yes.

Mr. WHIPPLE. And you attempted to send and did send to Hutton & Co. a statement of what you understood or conjectured or believed?

Mr. ESSARY. What I believe to be——

Mr. WHIPPLE (interposing). The purport of the message was to be and would be found to be when it came out at 5 o'clock?

Mr. ESSARY. What I believed it to be; yes.

Mr. WHIPPLE. Won't you state, as nearly as you can, to the gentlemen of the committee, just what the message was? First, let me ask you this: I understand you prepared it on the typewriter and handed it in at the Connelly firm?

Mr. WHIPPLE. To Roper, the telegrapher?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And you have not kept a copy of it?

Mr. ESSARY. No.

Mr. WHIPPLE. Won't you try to reproduce the statement in which you say you attempted to state what you believed or conjectured would be the substance of the message?

Mr. ESSARY. I do not know that I could reproduce it.

Mr. WHIPPLE. Do the best you can for the gentlemen of the committee.

Mr. ESSARY. You want me to write it out now?

Mr. WHIPPLE. If you prefer, give it orally, or write it out, if you please.

Mr. ESSARY. My recollection——

Mr. WHIPPLE. Which do you prefer?

Mr. ESSARY. My recollection is that I stated that I understood that some note addressed to the belligerents and neutrals in the present war—the belligerents of the present war and neutral governments, probably having a bearing on peace, would be given out about 5 o'clock.

Mr. WHIPPLE. Is that all?

Mr. ESSARY. That is about all, so far as I can recollect.

Mr. WHIPPLE. Was it not longer than that?

Mr. ESSARY. Not much, if any.

Mr. WHIPPLE. What?

Mr. ESSARY. Not much, if any.

Mr. WHIPPLE. Where had you learned that?

Mr. ESSARY. I had heard, as I say, from perhaps a number of people that the message was to come out and to be addressed to the neutrals and belligerents.

The CHAIRMAN. Mr. Whipple, before you take up that——

Mr. WHIPPLE. Can you remember?

Mr. ESSARY. I could, but it would be a mere guess; and I am not going to drag names in on guesses.

The CHAIRMAN. Some of the members of the committee feel like we should adjourn now. It is about 6 o'clock. It is apparent you can not finish with this witness.

(Mr. Whipple thereupon consulted with the chairman and members of the committee.)

The CHAIRMAN. Proceed, then.

Mr. WHIPPLE. Will you listen to see if this is practically a reproduction of the message which you sent to Ellis [reading]:

I am confidentially informed that a highly important message to all belligerents and neutrals has been issued from Washington, interpreted not as pressure on belligerents in behalf of peace but as an opportunity to put American demands on record, to be considered, if there is peace, and warning that neutral rights must not be further encroached upon. Full text to be given out to-night, and will be looked on as a move of great moment.

Mr. ESSARY. What was your question in respect to that?

Mr. WHIPPLE. I asked whether that is a substantial reproduction of the message which you dictated and handed to Roper for transmission.

Mr. ESSARY. Rather substantially.

Mr. WHIPPLE. Practically the same, is it not?

Mr. ESSARY. Not exactly, but in general terms.

Mr. WHIPPLE. In general terms the same?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Can you tell the chairman and gentlemen of this committee who confidentially informed you that this highly important message was to all belligerents and neutrals, and that it had already been issued from Washington?

Mr. ESSARY. I did not make any use of the word "confidentially," so far as I can recollect. I was not in possession of any confidential information of that kind.

Mr. WHIPPLE. Leave that out, then, if you please. Who informed you that an important message to all belligerents and neutrals had been issued from Washington? Can you tell this committee?

Mr. ESSARY. No; I can not tell the committee.

Mr. WHIPPLE. Following on, "interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record, to be considered if there is peace." Who interpreted that?

Mr. ESSARY. I did.

Mr. WHIPPLE. What was the basis of your interpretation?

Mr. ESSARY. My knowledge of the situation with respect to our relations to this war.

Mr. WHIPPLE. That is, you interpreted a state paper of the President or of Secretary Lansing which was to be given out at 5 o'clock?

Mr. ESSARY. Yes.

Mr. WHIPPLE. As accurately as that?

Mr. ESSARY. You flatter me.

Mr. WHIPPLE. Well, did you?

Mr. ESSARY. I so interpreted it; yes.

Mr. WHIPPLE. That is right; without being told?

Mr. ESSARY. You used the word "accurate."

Mr. WHIPPLE. Very well. As you have read the President's note since, was it not an accurate interpretation?

Mr. ESSARY. I do not think it was. I think it was perhaps a little——

Mr. WHIPPLE. Do you not think it was pretty accurate?

Mr. ESSARY. Oh, apparently so, in general terms.

Mr. WHIPPLE. Now, then, going on [reading] "and warning that neutral rights must not be further encroached upon." Was that your personal interpretation?

Mr. ESSARY. Absolutely.

Mr. WHIPPLE. Unaided by a suggestion of anyone?

Mr. ESSARY. Unaided by any suggestion from anybody.

Mr. WHIPPLE. With no actual knowledge of what was in the note?

Mr. ESSARY. With no actual knowledge of what was in the note.

Mr. WHIPPLE. And with no knowledge of what Secretary Lansing himself had said that morning?

Mr. ESSARY. With no knowledge of what Secretary Lansing had said.

Mr. WHIPPLE. And "full text to be given out to-night and will be looked on as move of great moment." Some one told you that a full text was to be given out?

Mr. ESSARY. Somebody; yes. That is the only accurate statement of fact in the telegram.

Mr. WHIPPLE. Now, as to the interpretation that was put upon the note: You received no assistance from anyone?

Mr. ESSARY. I did not.

Mr. WHIPPLE. No suggestion from any other reporter?

Mr. ESSARY. Except conversations that I may have had with a dozen or more.

Mr. WHIPPLE. What conversation was there with any reporter on which you based that interpretation?

Mr. ESSARY. I do not recall the details of any conversation, but I say there may have been and there were, in fact, conversations at more than one place during the day.

Mr. WHIPPLE. You can not state one of them?

Mr. ESSARY. I can not.

Mr. WHIPPLE. Well, if this was sent at 1 o'clock and you did not hear it until 12 o'clock, there was not much time for conversation?

Mr. ESSARY. An hour.

Mr. WHIPPLE. That is right. How many did you have in an hour—

Mr. ESSARY (interposing). I do not remember.

Mr. WHIPPLE. On the question of the interpretation of a note that was still in the archives of the State Department, guarded against disclosure of the contents, and not to be given, even to the newspapers, until 5 o'clock that night?

Mr. ESSARY. That interpretation is my own interpretation.

Mr. WHIPPLE. Based practically solely upon what you knew of the conditions?

Mr. ESSARY. The general conditions.

Mr. WHIPPLE. The general conditions, and was merely a prediction as to what, in your opinion, the note of the President to neutrals and to belligerents must inevitably contain?

Mr. ESSARY. Exactly.

Mr. WHIPPLE. But that was in substance as you have stated the note that you had sent. Now, have you kept copies of any of the notes that you sent over to Mr. Ellis preceeding this?

Mr. ESSARY. None.

Mr. WHIPPLE. In view of the committee that certain questions be asked Mr. Ellis, I will, if I may, suspend the examination of this witness now.

The CHAIRMAN. Then, you want to take up Mr. Ellis?

Mr. WHIPPLE. I should like to ask him just a few questions and then continue his examination Monday, because I think the committee have not time to go on now.

The CHAIRMAN. Mr. Essary, you may stand aside for the present, and Mr. Ellis will come around to the witness stand.

Mr. WHIPPLE. I am, perhaps, trespassing too much upon the committee.

TESTIMONY OF GEORGE A. ELLIS.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. You are a partner of Hutton & Co.?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. You have been absent in the South until coming up at the request of this committee?

Mr. ELLIS. Yes.

Mr. WHIPPLE. When did you go South?

Mr. ELLIS. I went South two weeks ago Thursday.

Mr. WHIPPLE. Had you noticed anything in the newspapers about an alleged "leak" or advance information of certain brokers——

Mr. ELLIS (interposing). I had; yes.

Mr. WHIPPLE. Before you went. How long before you went did you notice that?

Mr. ELLIS. I do not recall. It had been current three or four days or a week before that.

Mr. WHIPPLE. Before you started away?

Mr. ELLIS. That is my recollection of it.

Mr. WHIPPLE. Had you been, prior to that time, receiving messages from the last witness over your private Washington wire?

Mr. ELLIS. I do not recall any specific message; I think, perhaps, we may have received one or two.

Mr. WHIPPLE. Signed by Mr. Essary?

Mr. ELLIS. I would not say that they were signed by J. Fred Essary or Essary or probably signed Essary and then "F. A.," which is Connolly's call.

Mr. WHIPPLE. Did you know who he was?

Mr. ELLIS. I had never met the gentleman and did not know who he was.

Mr. WHIPPLE. Nobody had informed you who he was?

Mr. ELLIS. Nobody had up to that time.

Mr. WHIPPLE. Up to what time?

Mr. ELLIS. Up to a few days before I left New York.

Mr. WHIPPLE. Up to December 20?

Mr. ELLIS. I did not know who Mr. Essary was up to that time, and probably not for a week or 10 days or two weeks later.

Mr. WHIPPLE. That is, Mr. Connolly never told you who this gentleman was who was sending signed messages directed to you?

Mr. ELLIS. Not until I asked him.

Mr. WHIPPLE. And that was after notice of the advance information that was coming to the newspapers?

Mr. ELLIS. Some time after the 1st of January, I think.

Mr. WHIPPLE. Look at "H-4" [exhibiting paper to witness]. Is that in your handwriting?

Mr. ELLIS. It is.

Mr. WHIPPLE. You wrote it out in your office?

Mr. ELLIS. I did.

Mr. WHIPPLE. Personally?

Mr. ELLIS. Personally.

Mr. WHIPPLE. Where did you get that information?

Mr. ELLIS. It was handed me by some one of our clerks.

Mr. WHIPPLE. How was it signed?

Mr. ELLIS. It was signed—I could not say. It may have been signed by Mr. Essary or it may have been signed by Connolly, or very often messages came in “F. A. Connolly & Co,” but from what I heard——

Mr. WHIPPLE. You do not know whether it came over the wire, then, or not?

Mr. ELLIS. Yes; I do know it came over the wire.

Mr. WHIPPLE. How do you know it came over the wire if you know nothing about it except that it was handed you by one of your clerks?

Mr. ELLIS. I was in the office, and it was handed me by a clerk. I do not know of my own knowledge it came over the wire, but it must have come over some wire.

Mr. WHIPPLE. If it had come by a messenger, it would have been handed you by a clerk?

Mr. ELLIS. By a messenger?

Mr. WHIPPLE. Yes.

Mr. ELLIS. Not probably in the form in which it came.

Mr. WHIPPLE. What was the form in which it came?

Mr. ELLIS. On one of our private-wire telegram blanks.

Mr. WHIPPLE. What has become of that paper?

Mr. ELLIS. I undoubtedly destroyed it that afternoon, with a lot of other data and telegrams, of which we have hundreds during the day.

Mr. WHIPPLE. That is, you destroy hundreds of telegrams every day?

Mr. ELLIS. I won't say “hundreds”; I say dozens.

Mr. WHIPPLE. Can you tell what that telegram said from Essary to you?

Mr. ELLIS. Well, it said substantially this—because my recollection is that I took this message from the other telegram—was substantially the language in here. The word “confidential” I put in there, for the reason that we used that word so that it covers the source of the information when we give it to our customers along the wire—correspondents. Any confidential message—when I say “confidential message” it means I do not disclose my source of the information; that is the reason the word is put in there. You will see, if you look at it, I first wrote “reliably.”

Mr. WHIPPLE. Yes.

Mr. ELLIS. I afterwards crossed that out and put it “confidentially”; that was the reason.

Mr. WHIPPLE. Not that you did not want people to tell of it who heard this, but that it was given to you in confidence as to who gave it to you?

Mr. ELLIS. No; I did not care to disclose the source—nobody would ask the source—keep it as a confidential message.

Mr. WHIPPLE. You put that in to say to people to whom you sent it that they must not ask you the source of the information. Why were you unwilling to disclose the source of your information?

Mr. ELLIS. Well, we do not usually disclose the sources of our information. We are there as a broker to disseminate views as we get it and send it along.

Mr. WHIPPLE. What was it about that source that you did not want to disclose the source to people to whom you gave the information?

Mr. ELLIS. We do not usually state that we get this information from some people whom the people to whom we sent it never knew and never heard of.

Mr. WHIPPLE. Why should you?

Mr. ELLIS. Why should we? It does not mean anything to them.

Mr. WHIPPLE. Why did you take the pains to put in the message it is confidential in a sense they must not ask you?

Mr. ELLIS. I did not take the pains. I took out the word "reliably," because I did not know how reliable the information was, and I put in "confidentially."

Mr. WHIPPLE. That is, that meant that the people to whom you sent the message must not ask you anything about that. What objection was there to that?

Mr. ELLIS. There is not any objection, but they would not have got an answer.

Mr. WHIPPLE. Why not?

Mr. ELLIS. Why should I answer, why should I say that Essary or somebody else sent me a message?

Mr. WHIPPLE. What was there about it that made you not want to answer where you got the information?

Mr. ELLIS. There is not anything about it.

Mr. WHIPPLE. Why would you have told them that you would not tell them, if there was no reason for it?

Mr. ELLIS. Why would I have told them what?

Mr. WHIPPLE. Did you not hear my question? You said you put that in there "confidentially," because that meant you would not tell where you got it, and then you said if they had asked you you would not have told them. What is there about that information, about the source of that information, on account of which you would not tell or would not want to tell?

Mr. ELLIS. Why, I would apply that to any message I sent from the office.

Mr. WHIPPLE. What was there about it?

Mr. ELLIS. There is not anything about it.

Mr. WHIPPLE. Nothing whatever?

Mr. ELLIS. Absolutely.

Mr. WHIPPLE. You style it "confidential" when the source of the information you were imparting you were unwilling to give; that is the sense in which you used the word "confidentially"?

Mr. ELLIS. Quite right. I did not know Mr. Essary. I was not going to quote Essary if I did not know him. I had never met him. I did not know what his connection was or anything about it, except he was a friend of Connolly's.

Mr. WHIPPLE. You see you wrote it first "A highly important message [exhibiting paper to witness] will be"; and then you struck that out and inserted "to all belligerents" and then "has," and then you put in "and neutrals has been issued"?

Mr. ELLIS. Yes.

Mr. WHIPPLE. "From Washington." Can you remember which way the original message read?

Mr. ELLIS. No; I don't. We try to condense as much as we can when we send over the wires.

Mr. WHIPPLE. I am only asking you if you remember which way the original message read?

Mr. ELLIS. No.

Mr. WHIPPLE. You started to say "will be sent out" and then you changed it to "has been."

Mr. ELLIS. Unless that the message I had before me was—when I saw my mistake, probably I crossed it out and quoted the other.

Mr. WHIPPLE. That is what I mean to ask, whether those changes were made because you noticed you had not copied them right.

Mr. ELLIS. Very likely.

Mr. WHIPPLE. What?

Mr. ELLIS. That is very likely the reason.

Mr. WHIPPLE. And therefore the message which you sent out was practically a copy of the one you received from Washington?

Mr. ELLIS. That is correct.

Mr. WHIPPLE. That is the way you wish to leave the testimony—that you have practically copied the telegram that came from Washington?

Mr. ELLIS. I may have condensed it somewhat, just to eliminate words that take up wire space.

Mr. WHIPPLE. But you surely did not amplify it?

Mr. ELLIS. No; I did not.

Mr. WHIPPLE. That is, this message is as short at least?

Mr. ELLIS. It is as short, and perhaps a little shorter than the one—

Mr. WHIPPLE. Perhaps a little shorter than the information received over the wire?

Mr. ELLIS. Yes.

Mr. WHIPPLE. What time did you receive it?

Mr. ELLIS. I have not any idea of the time it was received. Some time between—before 1.54. That is the best answer I can give you—somewhere in the middle of the day.

Mr. WHIPPLE. Here is another message of yours in which you write to Clement after he has sent out that he has got some news from Washington. You say, "Our Washington wire gave us similar message to yours." Had you received this message from Mr. Essary before you sent that "Exhibit 3"?

Mr. ELLIS. I would not recall whether we had or not. It looks so. I make the statement here, "Our Washington wire gave us similar message to yours." I either had that wire in hand or that meant—I recall some gossip around our office in New York, where we had probably 30 or 40 people, and some discussion of some peace note or message that was to come. I probably assumed—

Mr. WHIPPLE. Confine your answer to the question. Did you send to Clement, when Clement had reproached you for putting out a flash on his telegram from inside information from Washington—will you say that when you said our Washington wire gave us similar information, "others have the same information, and we put it out," that it was not true that you had received from Washington the wire such as you said you did to Clement?

Mr. ELLIS. I won't say that we had received it or had not received it; I assume we had received it.

Mr. WHIPPLE. You assume you had received it?

Mr. ELLIS. I suppose we had.

Mr. WHIPPLE. Then you received the Essary message prior to the date of sending this?

Mr. ELLIS. I did not say that at all. I say I assume we had received it. I never would have written a wire like that unless I had some good reason for writing it.

Mr. WHIPPLE. Of course you would not. You would not tell your friend Clement a perfect, downright lie?

Mr. ELLIS. I would naturally assume that Washington wire or that the information or talk that was current in our office came from Washington. News usually comes from Washington; it does not come from Buffalo.

Mr. WHIPPLE. If you founded that on gossip, would you tell your friend Clement, who accused you of abusing his confidence, a lie, namely, that your Washington wire gave you the same thing?

Mr. ELLIS. I do not recall that Clement accused us of abusing his confidence.

Mr. WHIPPLE. Your telegrapher has testified that a message came in there in which Clement, having sent you a confidential message, sent another after your flash accusing you of having broken confidence.

Mr. ELLIS. He did not accuse me. The first wire was sent to Barrett.

Mr. WHIPPLE. Accusing your firm?

Mr. ELLIS. Our firm or Barrett, perhaps.

Mr. WHIPPLE. If you were accused of breaking faith, would you have made a statement that was not true with regard to having had the same thing from your Washington office?

Mr. ELLIS. I am not in the habit of lying to our correspondents who are our best friends.

Mr. WHIPPLE. Then, it is a fair inference that you had had your Washington wire prior to——

Mr. ELLIS. I say we either had the wire or gossip was current, and I assume we had a wire or advices from Washington.

Mr. WHIPPLE. I am not going to take those "advices from Washington."

Mr. ELLIS. That is the best I can give you.

Mr. WHIPPLE. I am going to ask you whether that was true, "Our Washington wire gave us similar message to yours"—true or false; you may take either way?

Mr. ELLIS. I won't say it was or was not.

Mr. WHIPPLE. That is, it may have been utterly false?

Mr. ELLIS. I do not recall—I do not think it was false. I do not want you to make the inference that I was lying to Clement or anyone else.

Mr. WHIPPLE. I want you to state, having telegraphed Clement that your Washington wire gave you a similar message, whether that was a true statement or a false one. It is for you to say. I know nothing about it.

Mr. ELLIS. I say I can not recollect, on account of the time.

Mr. WHIPPLE. Can you not tell whether, then, you would have stated a falsehood to him; whether your dealings with him were such that you would have made that false statement?

Mr. ELLIS. I do not think I would have made a false statement to Clement, with knowledge of it.

Mr. WHIPPLE. Then you made a true statement when you said, "Our Washington wire gave us similar message to yours," did you not?

Mr. ELLIS. It must have been true.

Mr. WHIPPLE. It must have been true?

Mr. ELLIS. I assume it was.

Mr. WHIPPLE. I suspend, because I know the urgent necessity of the committee.

The CHAIRMAN. To-morrow is Sunday, and we will resume our sessions Monday morning at 10 o'clock, and Mr. Ellis, you be here.

(Thereupon, at 6.20 o'clock p. m., the committee adjourned to meet Monday, February 5, 1917, at 10 o'clock a. m.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 5, 1917

PART 17

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., Monday, February 5, 1917.

The committee met at 10.20 o'clock a. m., Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Mr. WHIPPLE. Mr. Chairman and gentlemen of the committee, the testimony of three witnesses was left unfinished on Saturday. One is Mr. Roper. Mr. Essary, who was passingly examined, stated to me this morning that his engagements in the newspaper work were very imperative in connection with the crisis which we are now undergoing. He would like to be held before the committee as short a time as possible. In order I shall desire next to examine Mr. Ellis rather than Mr. Essary. I submit Mr. Essary's statement to the committee for such action as they think proper, as to whether he may be dismissed and examined as we shall need him, which may involve a little delay of the committee, or whether he had better remain in attendance.

The CHAIRMAN. Is Mr. Essary here now?

Mr. ESSARY. Yes, sir.

The CHAIRMAN. It seems that Mr. Essary might go while we are finishing with Mr. Ellis. You can leave your exact address, so that counsel can reach you.

Mr. ESSARY. Yes, sir, Mr. Chairman; thank you very much.

Mr. WHIPPLE. Of course, the length of time will depend on the length of examination of Mr. Ellis. My own examination will not be lengthy, but I venture to say he will be asked questions by the committee.

Mr. ESSARY. I will remain in the room for a while.

The CHAIRMAN. That will not be necessary, for I think it would probably be an hour or so before we finish with Mr. Ellis.

Mr. WHIPPLE. At least an hour. You can leave your address with Mr. Withington.

Mr. ESSARY. I shall, if I leave the room.

TESTIMONY OF MR. GEORGE A. ELLIS, JR.—Resumed.

Mr. WHIPPLE. Mr. Ellis, before taking up the subject of communications received and sent by your house during the week of December 18th, I want to direct your attention to the situation of your house at that time with reference to its ownership of stocks and things of that description. I understood your partner, Mr. Hutton, to say in New York that on December 20 your customers, as represented by your correspondents all over the country, at places named, and a

certain small number of customers in New York, were long of stocks some 375,000 or 379,000 shares.

Mr. CHIPERFIELD. Three hundred and thirty-nine thousand.

Mr. WHIPPLE. Three hundred and thirty-nine thousand; thank you. And that they were short in the vicinity of 15,000 shares. Would that accord with your memory?

Mr. ELLIS. Well, I would not have any way of determining just how many shares they were long or short. He evidently took that from the records at your request, and I would say it was correct.

Mr. WHIPPLE. Very well. Let us assume that. That is, your different customers had ordered you prior to that day to purchase that number of shares and they had paid an amount on account by way of margins. What per cent was that, speaking generally?

Mr. ELLIS. Well, it varies. Our requirements vary as applied to the different classes of stocks.

Mr. WHIPPLE. Can you tell us the average that they paid?

Mr. ELLIS. I would say that they averaged about 15 per cent.

Mr. WHIPPLE. About 15 per cent?

Mr. ELLIS. Fifteen per cent or 20 per cent.

Mr. WHIPPLE. So that in connection with this number of shares, and we will call it in round numbers 325,000 net, about 15 per cent or 15 points—

Mr. ELLIS (interposing). Fifteen per cent or 20 per cent.

Mr. WHIPPLE. Well, is it 15 per cent or 15 points?

Mr. ELLIS. Well, for some stocks, like that of the Erie Railroad, which sells at 35 or thereabouts, we would not require such a margin or as many points margin on that character of stock as we would on Union Pacific, which sells at \$140 a share. So it varies.

Mr. WHIPPLE. And the average would be from 15 to 20 points?

Mr. ELLIS. 15 per cent to 20 per cent.

Mr. WHIPPLE. Per cent?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. The amount representing the margin had been paid into your firm?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. And the balance that was due on this large number of shares was owed by the customers?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. At least the stocks were held in pledge?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. And your firm in turn had pledged them with the banks in New York in order to raise the amount of money that your necessities required?

Mr. ELLIS. In New York and other places.

Mr. WHIPPLE. Yes; in New York and other places?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. That was the situation in general on December 20?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. And a similar situation existed on the 18th and 19th?

Mr. ELLIS. Always existed with us.

Mr. WHIPPLE. Only the number of shares differed?

Mr. ELLIS. Yes; that is all.

Mr. WHIPPLE. Now, under the rules of the exchange, your firm had the right, if it desired to make short sales, to take the shares of stock that had thus been put into your hands by your customers and make deliveries of those shares in execution of short sales?

Mr. ELLIS. I suppose we have that right, but we usually borrow from other people on the Street any securities that would be applied to short sales.

Mr. WHIPPLE. And lend your own to them?

Mr. ELLIS. Yes; we would lend ours to them.

Mr. WHIPPLE. I think Mr. Streit stated in New York that it was permissible under the rules of the exchange for each broker when he made short sales to use the long stock of his customers to make delivery, but his firm did borrow of other firms and in return loaned to other firms to make good their short sales.

Mr. ELLIS. That is customary.

Mr. WHIPPLE. But let us say that under the rules of the exchange it was open to your firm, if they wanted to make short sales, to use this long stock which had been deposited or which they held to the credit of their customers. That is correct?

Mr. ELLIS. Our accounting department or cashier's department regulate those affairs. I do not do it myself, so I have no knowledge of it.

Mr. WHIPPLE. I was talking about if the rules of the exchange permitted it.

Mr. ELLIS. Well, the rules of the exchange are easily accessible.

Mr. WHIPPLE. We will assume that is so unless you contradict it.

Mr. ELLIS. All right.

Mr. WHIPPLE. Now, your customers were paying you interest on the respective amounts for which their securities were held?

Mr. ELLIS. They paid an interest charged on the amount that was unpaid on the purchase.

Mr. WHIPPLE. That is right, and, of course, the money that they had paid in and of which you were getting the benefit—no interest was due on that?

Mr. ELLIS. That is correct.

Mr. WHIPPLE. Now, if you loaned their stock to make good short sales, on what terms did you do that?

Mr. ELLIS. At the regular loaning rates on the floor of the exchange.

Mr. WHIPPLE. Well, that amounted to getting interest again on the same amount, did it not?

Mr. ELLIS. It did not; no.

Mr. WHIPPLE. Now, let us see about that. Your customers paid you interest on the amount that they owed?

Mr. ELLIS. Exactly.

Mr. WHIPPLE. And then you took their stock and delivered it to some other broker and got interest for the loan of the stock?

Mr. ELLIS. No; we paid that broker interest.

Mr. WHIPPLE. No; suppose you loaned your stock to him?

Mr. ELLIS. That is what I am talking about. We paid that broker the current rates.

Mr. WHIPPLE. Why did you pay another broker when you loaned your stock to him?

Mr. ELLIS. We would pay a broker—you see, in loaning stocks we lend them at the market and we pay that broker who borrows

our stock the same rate, or approximately the same rate that we would pay a bank for the use of call money.

Mr. WHIPPLE. I see.

Mr. ELLIS. The advantage of that is that when we make a loan with the bank we give the bank 25 per cent, 30 per cent, or perhaps 35 per cent, and when we make a loan to another broker in the street we do not give him any margin. That is customary, to keep things to the market among ourselves.

Mr. WHIPPLE. You mean he pays you for the stock?

Mr. ELLIS. Yes, sir.

Mr. BENNET. Mr. Whipple, in the absence of Mr. Patten, who is better informed than I am on these matters, may I make this suggestion: Here is the advantage that a broker derives from that practice. If he has 100 shares of Steel and takes that to the bank he borrows 80 per cent. If he loans to another broker he gets 100 per cent, but he pay interest in either instance. He has this additional advantage: If it is a stock that is rather scarce in the market he possibly has to pay a very low rate, some times 2 or 3 per cent, as against possibly 5 per cent at the bank. Then there is still another possibility. If the stock is very much in demand, it then arrives occasionally at a point where it is true that they loan the stock flat, or even go so far that the man who borrows the stock not only gives Mr. Ellis for his own use, for his own pro tempore use, the interest on the stock, but pays him interest in addition.

Mr. ELLIS. A premium.

Mr. BENNET. But the ordinary advantage that the firm derives from the loaning of stock in this manner is that instead of borrowing 80 per cent they can borrow 100 per cent.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. And it enables you to get in cash an amount equal to the value of the stock?

Mr. ELLIS. Correct.

Mr. WHIPPLE. That is, it becomes available just the same as if you had sold it?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. And as I have stated, you had the privilege either of using these stocks which you were carrying on long accounts to make delivery on shorts, or to borrow of some other broker, and that other broker borrow of you? That was the situation?

Mr. ELLIS. Yes, sir; that is about right.

Mr. WHIPPLE. Now, if on the morning of December 20, or earlier than that, while you were carrying this very large number of shares long, you received reliable advance information of an event that would in your opinion be sure to cause the prices of stocks to drop, it was then within your power, if you desired to do it, to sell short an amount equal to the number of shares that you had on hand to make delivery of your customers' stock, was it not?

Mr. ELLIS. That would be our privilege.

Mr. WHIPPLE. And therefore——

Mr. ELLIS (interposing). Just a minute, before you ask me another question. Let me answer your question fully.

Mr. WHIPPLE. If you will pardon me, I will give you an opportunity for explanation——

Mr. ELLIS (interposing). But I would like to answer your question as you put it to me.

Mr. WHIPPLE. But I do not want to be diverted from the object of the inquiry.

Mr. ELLIS. You are speaking about a message that might have had a good deal of effect marketwise. I want to say that when that message came in it was my opinion that that message, and any peace talk, had been substantially discounted as the result of the market action for some days previous to this particular day and that our advices to our clients and correspondents, as far back as the 1st or the early part of November, had been to sell their securities, or part of them at least, and therefore so far as our house was concerned, we were more or less liquidated.

Mr. WHIPPLE. Now, I shall have some evidence on that subject in a moment that perhaps you do not know about, so I am glad you have anticipated it, but I am not going to be diverted from the real object of my inquiry. I am not talking necessarily about the events of December 20, or what you did, yet. I am going to talk about it before we are through.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. But going back, it was your privilege, as you say, to sell short an amount equal to every share of the customers' stock that you were carrying on long account to make delivery to cover your short sales?

Mr. ELLIS. It was our privilege to sell any stock that we saw fit to sell on the New York Stock Exchange.

Mr. WHIPPLE. Answer my question directly.

Mr. ELLIS. That would include everything we had long.

Mr. WHIPPLE. That may be, but it sort of diverts attention from the real point if you answer something very much more extensive. Therefore, I will ask you to direct your attention to my question, and that is, that you would have at least that privilege of selling short an amount equal to all your customers' stock. That is right, is it not?

Mr. ELLIS. We would have that privilege but we are not a speculative house and we do not—

Mr. WHIPPLE (interposing). We will see about that in a moment. Do not take too much time about that, because you do not know what is coming.

Mr. ELLIS. Well, I have a knowledge of our business and what we do.

Mr. WHIPPLE. Now, if you did do that, every point that the market went down would give you approximately \$325,000, which would come out of your customers to an equal amount. Is not that true?

Mr. ELLIS. If we sold 325,000 shares and the market went down a dollar, we would make \$325,000.

Mr. WHIPPLE. I am glad you see that.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. And if you are carrying that amount for your customers long they would lose just that amount?

Mr. ELLIS. I suppose they would have a paper loss.

Mr. WHIPPLE. All right, call it paper or otherwise. If it went down 10 points, if the average was 10 points, your firm would make over \$3,000,000?

Mr. ELLIS. If that calculation is correct, yes.

Mr. WHIPPLE. And your customers would lose that amount, and if they could not make good their margins they would be wiped out. Is not that true?

Mr. ELLIS. You say they would——

Mr. WHIPPLE (interposing). This is hypothetical.

Mr. ELLIS. Well, they would, if you put it that way.

Mr. CHIPERFIELD. I did not hear his answer.

Mr. ELLIS. Many of our customers take care of their stock, and when the market comes back again their loss has been a temporary paper loss.

Mr. CHIPERFIELD. I only wanted to hear what the answer was.

Mr. WHIPPLE. And if they are not able to make good their margins they are wiped out and have lost everything?

Mr. ELLIS. No; they are not wiped out. We give a man notice when his margin is impaired, and if he does not supply additional funds we give him notice to that effect, that unless we have additional collateral we will have to dispose of his securities on the New York Stock Exchange or any other exchange in which they are listed.

Mr. WHIPPLE. And then you do it?

Mr. ELLIS. Exactly.

Mr. WHIPPLE. And then his interest is wiped out, as they say?

Mr. ELLIS. I do not know whether it would be wiped out.

Mr. WHIPPLE. Well, he has not any interest in his stock any longer?

Mr. ELLIS. Well, he has whatever his balance may be.

Mr. WHIPPLE. Well, that may be; but he has no interest in his stock?

Mr. ELLIS. No; he has no interest in his stock.

Mr. WHIPPLE. And therefore if you get advance information of something that is going to happen which is not correct, and if the firm should act upon it and sell short, and the market went up instead of going down, the firm would make the loss?

Mr. ELLIS. Quite right.

Mr. WHIPPLE. So any firm wants to be, in order to control its own activities, very sure that the events of which they have previous knowledge—that their knowledge of them is very definite and correct, of course?

Mr. ELLIS. Quite right. If we were sending a message, and we were not sure of it, we would say, "It is rumored such and such a thing."

Mr. WHIPPLE. I am not talking about sending one; but if you got one on the basis of which you acted, you would want to be very sure?

Mr. ELLIS. Quite right.

Mr. WHIPPLE. Because if you are dead sure this morning that an announcement is going to be made to-morrow morning which you were practically certain would depress the market 8 or 10 points, that would be very helpful, would it not?

Mr. ELLIS. If we were speculative; yes, sir.

Mr. WHIPPLE. Well, if you were dead sure of it. I am assuming not in regard to the firm of Hutton & Co. particularly, but that some firm might be speculative. Your partner has already testified that he was short of certain stock to a certain extent, so I take the liberty of saying that you know it.

Mr. ELLIS. I have not read his testimony.

Mr. WHIPPLE. That is where the committee has the advantage, because my questions are based on his own testimony, and he told us very frankly how much he made.

Mr. ELLIS. I read his testimony in the papers.

Mr. WHIPPLE. Now, that being the situation, with that possibility, if you were a speculating house, I want to ask you a few other questions, and even if you were not a speculating house, you see, it is possible that you might have such advance information of a coming event as would not make it a speculation at all if you sold short; it would make it a certainty that you would win, and if you were trading on a certainty, of course, you would not be a speculating house. That is, if you had absolute definite information that something was going to happen, your selling short would not be any speculation?

Mr. ELLIS. I do not know but it would.

Mr. WHIPPLE. Why?

Mr. ELLIS. Something might come along which would offset the effect of it. For instance, on Friday night people who had any stocks in the market went out rather shivering in their boots, but on Saturday the stocks did not go down, but they went up.

Mr. WHIPPLE. But my hypothesis was that you were absolutely certain that an event was coming.

Mr. ELLIS. There is nothing sure in Wall Street.

Mr. WHIPPLE. Unless it comes directly from Washington. Perhaps that is not so in Washington.

Mr. ELLIS. I mean so far as the course of prices is concerned.

Mr. WHIPPLE. Now, you were asked for what information or advice, your firm did have on December 20 about the President's peace note or a peace move. Now, in New York your firm gave to the committee as the only communications which it received or sent that day which they had preserved, four papers, Exhibits H1 to H4, inclusive. Are you familiar with them?

Mr. ELLIS. I think so; yes, sir.

Mr. WHIPPLE. Will you run your eye over them?

Mr. ELLIS. I recognize them all; yes, sir.

Mr. WHIPPLE. Now, your partner, Mr. Hutton, told the committee that the firm always had a copy of every communication which it sent out, but that there was no practice of keeping all the telegrams or communications which came in.

Mr. ELLIS. That is the practice. He does not over keep a copy; he has the original of everything that is sent out.

Mr. WHIPPLE. And it is filed or kept?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Therefore, do you know any reason why the original of every telegram that went out over your wires that day should not have been preserved and presented to this committee?

Mr. ELLIS. I do not know of any reason. They would be very glad to give them to you if they had them, undoubtedly.

Mr. WHIPPLE. Do you know of any reason why they should have been suppressed?

Mr. ELLIS. I do not think any of them were suppressed.

Mr. WHIPPLE. We will come to that in a moment. Now, it was told to the committee in New York that there was no telltale on your southern wire or on your Washington wire.

Mr. ELLIS. That is right.

Mr. WHIPPLE. Does that accord with your memory?

Mr. ELLIS. It does accord, positively.

Mr. WHIPPLE. But we were told that there was a telltale on your Chicago wire.

Mr. ELLIS. I do not know that there is, but I think there is. I have never seen it.

Mr. WHIPPLE. Then it was supplemented by the statement that the telltale was in Chicago and not in New York, and was in the office of Clement, Curtis & Co. Is that in accord with your understanding?

Mr. ELLIS. That is my understanding of it. I have never seen it.

Mr. WHIPPLE. Now, that telltale in Clement, Curtis & Co.'s office ought to give a copy of every telegram on this subject that was received and sent by your firm?

Mr. ELLIS. Undoubtedly it does.

Mr. WHIPPLE. Now, if there are revealed by that telltale telegrams sent by your firm of which you would always have the original, can you state to the committee any reason why they should not have been delivered to this committee by your partner in New York?

Mr. ELLIS. I can not state any reason.

Mr. WHIPPLE. Well, I will come to it a little later. I will ask you to notice whether there is anything in the telegrams themselves which in your mind supplies a reason or may supply a reason why their production was not made and why they were suppressed. I will come to that later.

Now, have you a memory of the first telegram that passed between Clement, Curtis & Co. and your concern on Wednesday, December 20, on this subject matter of a peace note?

Mr. ELLIS. That wire addressed to Mr. Barrett. That is the wire I recall.

Mr. WHIPPLE. Do you know how this wire addressed to Mr. Barrett happened to be preserved?

Mr. ELLIS. I do not, sir; no.

Mr. WHIPPLE. That is the first one?

Mr. ELLIS. Yes.

Mr. WHIPPLE. What is the date at which that was received?

Mr. ELLIS. December 20.

Mr. WHIPPLE. And the hour?

Mr. ELLIS. 12.48 p. m.

Mr. WHIPPLE. Now, that is New York time?

Mr. ELLIS. That is New York time.

Mr. WHIPPLE. That would be what in Chicago time?

Mr. ELLIS. Chicago time would be an hour later, which would be 1.48.

M. CHIPERFIELD. Earlier.

Mr. ELLIS. An hour earlier; 11.48.

Mr. WHIPPLE. Now, let me ask you whether prior to the hour at which that was received you did not receive this telegram from Clement, Curtis & Co., the time of its being sent from Chicago being 11.41? The other telegram, you say, would be 11.48; is that right?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Now, this would be seven minutes earlier, also addressed to Barrett, and addressed to E. F. H., which is Hutton, and G. A. E., jr., yourself. Now, I quote and ask you if you do not remember it:

Confidential. Washington advices to us indicate that another peace statement likely to be issued late this p. m.

F. C. ALDRICH.

Mr. ELLIS. To my knowledge I have never heard or seen or received a message of that kind.

Mr. WHIPPLE. Will you say that no such message was sent, signed by Aldrich?

Mr. ELLIS. How do I know what Aldrich sent? I will swear that I have never seen the message; never heard of it; never seen it to my knowledge until you called my attention to it.

Mr. WHIPPLE. If it was sent to Barrett it would be delivered to the same man to whom that telegram you hold in your hand was delivered?

Mr. ELLIS. It would be.

Mr. WHIPPLE. And there would be no reason why that should not be produced as well as the one that you have was produced?

Mr. ELLIS. I do not know anything about this wire or why it was not produced. Barrett is not in the habit of receiving for Mr. Hutton or myself, and whether he kept it and gave it back to the wire room, I do not know.

Mr. WHIPPLE. Are you in a position to deny that there was received in your office a telegram received from Chicago at 11.41 exactly in the terms that I have stated to you?

Mr. ELLIS. I deny that I ever received one or that I have ever seen one like that.

Mr. WHIPPLE. How are you so sure that you never saw one signed F. C. Aldrich?

Mr. ELLIS. I would have recalled it if I had seen it. Our messages generally come from Mr. Clement or Mr. Curtis.

Mr. WHIPPLE. That is just it. But it has now appeared since we have got back to Washington that a confidential communication was sent to Mr. Aldrich, connected with that firm.

Mr. ELLIS. That is the first knowledge I had of it.

Mr. WHIPPLE. But we find that within a very few minutes—I do not remember exactly. Will you give me the hour at which Mr. Price's telegram was sent, Mr. Withington?

Mr. ELLIS. That was over the public wire?

Mr. WHIPPLE. No, sir; it was sent over the private wire and appears on the telltale of the Chicago office. I deem it proper to inform you of that fact.

Mr. ELLIS. If it was delivered in our office, it never came to my attention. I have never seen the telegram and I would assume that if it was addressed to Mr. Barrett that it was delivered to Mr. Barrett. Mr. Barrett never showed the wire to me. I never saw it before until just now.

Mr. WHIPPLE. Do you know any effort your firm has made to get what is shown by the telltale in the Chicago office in regard to these intercommunications on these two days?

Mr. ELLIS. I do not know. I have been away for two or three weeks.

Mr. WHIPPLE. But you do know that your firm presented to this committee those four telegrams that have been put in the record, and no others?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Very well.

Mr. ELLIS. From our files, I would naturally assume that is so.

Mr. WHIPPLE. Now, passing that, is it not true that a telegram was sent at 11.47 Chicago time, reading as follows, to Barrett, confidential:

I hear that State Department will issue statement to-day regarding economic conditions European war as affecting neutrals, intended to promote peace prospects. What do you think of this and how are you on stocks?

CLEMENT.

Mr. ELLIS. That is the duplicate of the message there? Is this the message?

Mr. WHIPPLE. No; you have got it right near to you.

Mr. ELLIS. I have seen that message.

Mr. WHIPPLE. That is Exhibit H 1.

Mr. ELLIS. Yes; I know that message was received by us because it is on our private wire telegram.

Mr. WHIPPLE. Of course.

Mr. ELLIS. And we have seven men in the office; all of them can handle 50 words a minute or thereabouts, and they have hundreds of messages during the day.

Mr. WHIPPLE. What has that to do with my inquiry?

Mr. ELLIS. I say that may be one of five hundred messages received in our office during the day.

Mr. WHIPPLE. What message?

Mr. ELLIS. The one that you are reading.

Mr. WHIPPLE. No; the one I am reading is the one that you have produced.

Mr. ELLIS. I thought you had the Aldrich wire.

Mr. WHIPPLE. No. I have taken up another, Exhibit H 2, and that is produced. I am calling your attention to the fact that six minutes prior to your receiving this one, another one was sent to Barrett of your firm, signed by Aldrich, of a little different tenor. Do you want to hear it?

Mr. ELLIS. I never heard of it before until it came out here. I never knew it existed. I never heard of it before.

Mr. WHIPPLE. Now, let me call your attention to a copy of a telegram, No. 3, we will call it, for identification, sent to E. F. Hutton & Co. in New York, on the overland wire at 11.51 a. m., which you say is four minutes later——

Mr. CHIPERFIELD (interposing). Is that the overland wire or the Chicago wire?

Mr. ELLIS. The overland wire comes from San Francisco and runs through Chicago. We have a wire from New York to San Francisco, and we have another wire from New York to Chicago. That is what is called the duplex wire.

Mr. WHIPPLE. The duplex wire to Chicago goes to Clement, Curtis & Co. and the McKinnon firm?

Mr. ELLIS. Yes; McKinnon is on that wire.

Mr. WHIPPLE. And some others are on it?

Mr. ELLIS. Cincinnati is on it, or was on it.

Mr. WHIPPLE. And the overland wire that goes to San Francisco has a connection there?

Mr. ELLIS. Yes, sir. We call San Francisco direct on that wire. Chicago, perhaps, may not get all the traffic that goes over the wire.

Mr. WHIPPLE. Now, listen to this, because this came four minutes later than the Barrett communication which you have before you. 11.51, Chicago time, sent by E. F. Hutton & Co, of New York on the overland wire to K. C. H. N. What is K. C. H. N.?

Mr. ELLIS. K. C. is our call for Clement, Curtis & Co., Chicago.

Mr. WHIPPLE. What is H. N.?

Mr. ELLIS. I do not know H. N. at the moment. We have calls for a great many correspondents and I do not recognize that. Is that used in connection with the K. C.?

Mr. WHIPPLE. K. C. H. N.

Mr. ELLIS. I do not recall that.

Mr. WHIPPLE. And then it follows:

All. Get this. Mul. and all. Confidential. Washington advices to us indicate that another peace statement to be issued later this p. m.

Do you remember any such telegram as that going either way?

Mr. ELLIS. I do not.

Mr. WHIPPLE. Do you know any reason why, if a telegram was sent or received on that wire as between them, it should be suppressed?

Mr. ELLIS. Absolutely not. Barrett may have sent that, or a half dozen other people in our office, and it would not have come to our attention. That was evidently sent to our other people along the wire.

Mr. WHIPPLE. Now, here is one, No. 4, to which I desire especially to call your attention.

Mr. BENNET. No. 4 or No. 3?

Mr. WHIPPLE. The other was No. 3. I am fearful that there is a mistake in the communication to me, and I can not tell which way it passed, because it purports here to be signed by Aldrich, which would indicate its coming from Chicago, while the statement about it would indicate that it was sent by Hutton & Co.

Mr. BENNET. Bear in mind that Thompson & McKinnon are on a pony wire. If Aldrich sent it on Thompson & McKinnon's wire and addressed it to K. C. and all the rest, that might account for it.

Mr. WHIPPLE. But it says "sent by E. F. Hutton & Co., of New York," for my information. Probably it means "sent to."

Mr. ELLIS. Does it state who signed that message?

Mr. WHIPPLE. It says F. C. Aldrich.

Mr. ELLIS. Then it was sent by Chicago to New York, or San Francisco, or some other place along the line.

Mr. WHIPPLE. I am passing it because my information on that is not complete, but will be, because we are trying to keep after these things and clear up everything wherever it is not perfectly clear. But the signature would indicate that it came from Chicago, while the information would indicate that it came from New York. Let me read it again:

Washington advices to us indicate that another peace statement to be issued later this p. m.

That, in its subject matter, is the telegram that has not been submitted to the committee as being either way. It is signed F. C. Aldrich. That is my information. Now, I am coming to No. 4.

The CHAIRMAN. That was No. 4, was it not?

Mr. WHIPPLE. That was No. 3. This is No. 4; time 11.53 a. m.; sent from New York to Chicago to Clement and signed Barrett. Clement is the Chicago man. Barrett is your partner——

Mr. ELLIS (interposing). That is right.

Mr. WHIPPLE (continuing). To whom the first two telegrams that I have referred to were addressed?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Now, that is a telegram the original of which ought to be in your office?

Mr. ELLIS. You say it ought to be?

Mr. WHIPPLE. Yes.

Mr. ELLIS. It is customary for us to destroy at night—that is, with me it is——

Mr. WHIPPLE (interposing). Mr. Ellis——

Mr. ELLIS (interposing). I have the telegrams on my desk that are not important. Whether it is customary for Mr. Barrett to do that I do not know, or Mr. Adams, or Mr. Morgan, or Mr. Wagstaff; but with Mr. Hutton and myself it is the custom.

Mr. WHIPPLE. May I interrupt you for a moment, because I do not think you know what you are answering. Your partner has said, and you have assented to it, that they keep on file all the outgoing telegrams.

Mr. ELLIS. Unless there is some good reason why he should go into the wire room and get that message back again.

Mr. WHIPPLE. Very well. Let us see what good reason there may be. This is a telegram sent from New York to Chicago over the private wire to Clement, signed Barrett, reading: "I am selling stocks again." You know what that means, do you not?

Mr. ELLIS. Well, Mr. Barrett has quite a number of clients.

Mr. WHIPPLE. No; pardon me. You know what it means?

Mr. ELLIS. Yes: it means he is selling stocks for his customers. In other words, selling long stocks like we had been doing for weeks or days before that message. We change our opinions from day to day.

Mr. WHIPPLE. If Barrett had been selling stocks——

Mr. ELLIS (interposing). If we did not, we could not support such a wire system as we have.

Mr. WHIPPLE. Now, if Barrett had been selling stocks for himself——

Mr. ELLIS (interposing). Which he had not.

Mr. WHIPPLE (continuing). Or the firm——

Mr. ELLIS (interposing). Or for the firm, which he had not.

Mr. WHIPPLE (continuing). But if he had——

Mr. ELLIS (interposing). For his clients.

Mr. WHIPPLE (continuing). And he wanted so to notify the Chicago office, what would he have said?

Mr. ELLIS. He would have said he was bearish in the market selling stocks.

Mr. WHIPPLE. Would he not have said, "I am selling stocks again"?

Mr. ELLIS. I do not know what he would have said.

Mr. WHIPPLE. That would have expressed the idea?

Mr. ELLIS. What was in the mind of Mr. Barrett at the time I do not know.

Mr. WHIPPLE. That would have expressed the idea?

Mr. ELLIS. Why don't you ask Mr. Barrett these questions? I do not know what he meant. I do not know what he had in mind at the time.

Mr. WHIPPLE. Because we were told at that time that Mr. Barrett was very ill.

Mr. ELLIS. He was and is.

Mr. WHIPPLE. Then, why do you ask me why we did not call him?

Mr. ELLIS. Well, I did not know at that time whether you had taken any testimony from Mr. Barrett.

The CHAIRMAN. Our information was that he was sick and he had two trained nurses.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. And we were told that you had gone away for your health.

Mr. ELLIS. That is quite right. If I had six months more of what I had I would have gone under the sod or in the crazy house.

Mr. WHIPPLE. Well, you are looking pretty husky to-day and feeling better?

Mr. ELLIS. I had a very good vacation. I am sorry I have to come up here to shorten it, much as I like Washington.

Mr. WHIPPLE. Now, this telegram says: "I am selling stocks again." Now, when had he been selling stocks before?

Mr. ELLIS. For the last six weeks prior to that time, I guess.

Mr. WHIPPLE. That is, Barrett took pains to telephone to Clement—

Mr. ELLIS (interposing). You are trying to make it clear that he was selling short stock. Our books and records are the best evidence of that, and we are only too glad to produce them. You can take the accounts as they stand on our books and find out what they mean. I do not think Mr. Barrett sold any short stocks. If he had, we would have been short 15,000 shares of stock. He was evidently selling long stock, because he did not like the looks of the market.

Mr. WHIPPLE. It seems to have been in connection with this information from Washington about a peace note?

Mr. ELLIS. Well, I think not.

Mr. WHIPPLE. Well, they were mingled together.

Mr. ELLIS. They did quite a large business during the day.

Mr. WHIPPLE. The committee have heard of such a situation as this: That when a broker who wants to sell short wants to conceal it, lest his clients whose stocks have been sold short might be indignant, that they sometimes give orders to other and further firms in a way so that their identity may be concealed. You have heard of such things, have you not?

Mr. ELLIS. I have heard of such things; yes, sir.

Mr. WHIPPLE. Now, in case such a thing as that happened with Barrett—and I am only saying "in case"—the fullest examination of Hutton's books would not show it?

Mr. ELLIS. I do not think Mr. Barrett would do anything like that, because he would not be a member of our firm if he did anything like that.

Mr. WHIPPLE. Of course not.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Let us see about that.

Mr. ELLIS. He would not do anything like that because either Mr. Hutton or myself——

Mr. WHIPPLE (interposing). Just suspend for a moment there. Do not talk on and do not divert me too much.

Mr. ELLIS. All right.

Mr. WHIPPLE. You are overlooking the fact that your senior partner, Hutton, admitted before the committee that he had sold short and cleared up \$22,000.

Mr. ELLIS. But not in any other office. That was in our own office.

Mr. WHIPPLE. But your senior partner did sell short and cleared up that tidy sum, as things go, but minute as compared with a larger transaction, and he is still a member of your firm.

Mr. ELLIS. Oh, yes. A thousand shares of stock, as I understand it.

Mr. WHIPPLE. Only a thousand shares—netted \$22,000 out of that?

Mr. ELLIS. On account of the big variations in the market for those 10 days.

Mr. WHIPPLE. So that you do not need to sell very much to get a profitable result?

Mr. ELLIS. Well, that was the condition of things. The market was so erratic.

Mr. WHIPPLE. And that was the condition of things as to which a little advance knowledge as to how high the gyration was going to work would be very helpful?

Mr. ELLIS. Did he testify that he sold that stock?

Mr. WHIPPLE. No; he is sick——

Mr. ELLIS (interposing). No; I mean Mr. Hutton.

Mr. WHIPPLE (continuing). And if you had remained as sick as he, we should not have gotten you.

Mr. ELLIS. I came here very gladly.

Mr. WHIPPLE. This telegram reads, "I am selling stocks again." You say that refers to six weeks before, when he was selling the stock?

Mr. ELLIS. I say he sells stocks every day of his life. That is what he is there for. He might advise his customers over the telephone, "I think the market is going to be weak," or "I do not like the market to-day," and they might tell him to sell out stocks, and this, that, and the other thing. That is the reason we have an organization. That is the reason we have wires. That is the reason we have an office. We advise our people how we look at the market and when they ask us questions we naturally advise them and give them opinions, if there is any bearishness or anything of that kind.

Mr. WHIPPLE. What question do you think you are answering?

Mr. ELLIS. I am answering something.

Mr. WHIPPLE. What was the question? What was the question that you think you answered? Now, do not get nervous.

Mr. ELLIS. I am not a bit nervous at all.

Mr. WHIPPLE. I was afraid that you might be because I want you now to just direct your attention to the question. You know, of course, what your partner is doing?

Mr. ELLIS. I beg your pardon.

Mr. CHIPERFIELD. I do not think the witness ought to interrupt the questions. I want to hear both the question and the answer. I can not do it when they are interrupting each other.

Mr. ELLIS. Mr. Chiperfield, when Mr. Whipple asked me what I ought to know, or what my partners are doing——

Mr. CHIPERFIELD (interposing). I am not criticising you at all. I merely wish to hear the question and the answer.

The CHAIRMAN. Does counsel wish the witness to be admonished or is he satisfied with the way things are progressing?

Mr. WHIPPLE. I am perfectly satisfied.

Mr. CHIPERFIELD. It is not a question whether counsel is satisfied. I want to hear the question and the answer. If I have to sit here and can not hear the questions and answers, I might as well get out of here.

The CHAIRMAN. Mr. Chiperfield, if you wish to shape the way in which the questions and answers are to be given out, I will submit it to the committee.

Mr. CHIPERFIELD. Why, bless you, I have not attempted to do that. I do not know why the Chair should address that suggestion to me. I am not going to be put in this position by the Chair or by anybody else. There is nothing that can not be very satisfactorily and very amicably explained. There is no possibility for any misunderstanding or misconstruction, and I do not want it to go out that there is any misunderstanding between us. The witness, before Mr. Whipple can finish his question, interjects a statement, which does not lead to an orderly procedure. I want to hear Mr. Whipple's statement, and then in due time I want to hear the witness's answer. I am interested in ascertaining these facts and when there is constant interruption I can not follow it. I expect I have had at least 25 years' experience in court trying these things——

The CHAIRMAN (interposing). You are right, Mr. Chiperfield. When counsel asks a question, Mr. Ellis, you answer that question and confine yourself to the subject matter, and let us see if we can not proceed in that way without you digressing and diverting the attention of counsel or the committee.

Mr. CHIPERFIELD. That is it exactly.

The CHAIRMAN. You are quite right about that, Mr. Chiperfield. The Chair does not misunderstand you now.

Mr. CHIPERFIELD. I am very glad of that, because I have the kindest feelings for the Chair.

Mr. ELLIS. Mr. Chiperfield, may I make a little statement?

Mr. CHIPERFIELD. All right.

The CHAIRMAN. Yes.

Mr. ELLIS. At this particular time—I am just giving you this as an explanation of my answer—we were in a very busy session. We had been for weeks, and had a great deal to do. Two of my men were in the hospital. I had a thousand and one things to do in these particular days, and of course I did not know what each and every individual member of the firm or the office was doing. We have a staff of 150 people, and I am trying to give Mr. Whipple answers to his questions in a way that I recall them at that particular time.

Mr. CHIPERFIELD. My objection was to interruptions, Mr. Ellis. I would like you and every other witness to have an opportunity to make an explanation whenever it is necessary.

The CHAIRMAN. You can proceed, Mr. Ellis, and answer the questions as best you can, and we will get along.

Mr. WHIPPLE. Now, let me direct your attention to this particular telegram. "I," that is, Barrett, "am selling stocks again." Do you know what time your partner referred to as having been selling stocks before?

Mr. ELLIS. I do not.

Mr. WHIPPLE. Can you remember when before that your firm had been selling stocks, or Barrett had, in the way in which they were selling them that forenoon after these telegrams?

Mr. ELLIS. I can not.

Mr. WHIPPLE. Was Mr. Barrett selling at this date, December 20?

Mr. ELLIS. Apparently he was in the office, and very active.

Mr. WHIPPLE. He was all in perfectly good health then?

Mr. ELLIS. So far as I knew.

Mr. WHIPPLE. When you went South was he in the office and well?

Mr. ELLIS. He was not.

Mr. WHIPPLE. How soon after December 20 did he leave the office?

Mr. ELLIS. Well, I left New York two weeks ago Thursday. I think he has been confined to his house a week or 10 days prior to that time.

Mr. WHIPPLE. Had you seen him?

Mr. ELLIS. I had not. They would not allow us to see him.

Mr. WHIPPLE. Then you had not seen him for two or three days or three or four days after December 20?

Mr. ELLIS. Oh, yes.

Mr. WHIPPLE. Until you went South?

Mr. ELLIS. It was longer than that, because Mr. Barrett went to Memphis, his home, for the holidays, as I recall it.

Mr. WHIPPLE. Did you see him after he returned?

Mr. ELLIS. It is quite likely I did.

Mr. WHIPPLE. What is your recollection about that?

Mr. ELLIS. I went away about the 22d or 23d, or thereabout, and I am quite sure I saw Mr. Barrett after the 1st of January.

Mr. WHIPPLE. You saw him after the 1st of January?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. But you did not see him after he absented himself from the office.

Mr. ELLIS. I think he was taken sick about the 10th of the month.

Mr. WHIPPLE. Did you see a publication in the newspapers around in the early part of January with regard to the possibility of advance information to brokers of the President's peace note?

Mr. ELLIS. I read about the Lawson inquiry and other things.

Mr. WHIPPLE. Where was your partner, Barrett, then?

Mr. ELLIS. If you can fix the date of that, I can probably tell you whether he was in the office or whether he was at home.

Mr. BENNET. December 22.

Mr. ELLIS. I think he was taken ill and confined to his home about the 15th of January.

Mr. WHIPPLE. The first communication was December 22.

Mr. ELLIS. He was in our office up until the first or the middle part of January.

Mr. WHIPPLE. The first hearing in this investigation was on January 5. Do you think that your partner returned from the South at that time?

Mr. ELLIS. From the South?

Mr. WHIPPLE. Yes.

Mr. ELLIS. I think he returned there shortly after Christmas. It has been his habit to spend Christmas in Memphis.

Mr. WHIPPLE. You spoke of the holidays. Does that include New Year's?

Mr. ELLIS. I do not think so, no sir.

Mr. WHIPPLE. You say you saw him about the 1st of January?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Therefore he was taken ill about the date of the first hearing, January 5?

Mr. ELLIS. No, s.r. Probably between the 10th and 15th of January.

Mr. WHIPPLE. The 10th and 15th.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. I understood you to say it was right after the 1st of January.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Between the 10th and 15th?

Mr. ELLIS. About that.

Mr. WHIPPLE. When did you leave for the South?

Mr. ELLIS. Two weeks ago last Thursday, which was the 19th, I think.

Mr. WHIPPLE. The 19th?

Mr. ELLIS. Yes, sir. Mr. Barrett was taken ill about the 10th.

Mr. WHIPPLE. It was about a week before that that you had seen him?

Mr. ELLIS. Yes, sir; about a week; yes, sir.

Mr. WHIPPLE. And you can not from memory give us any further information with regard to the meaning of this telegram from Barrett to Clement, sent at 11.53 a. m., Chicago time, "I am selling stocks again."

Mr. ELLIS. Just in answer to Mr. Clement's question, and I know nothing about it, or what it refers to.

Mr. WHIPPLE. And you can offer no explanation as to why that telegram was not presented to this committee when they requested it?

Mr. ELLIS. I do not know anything about that.

Mr. WHIPPLE. Who could explain that, of your firm?

Mr. ELLIS. Whoever went to our office and gave you the telegrams that you wanted.

Mr. WHIPPLE. Do you know who that was?

Mr. ELLIS. I do not. We take all those things in the wire room, the orders and wires and things of that sort, and they are put in a bundle in a large envelope. and they are time-stamped and dated and put in a vault. That is the custom every day. We file those away.

Mr. WHIPPLE. Will you request of your firm that every one of those bundles be delivered to this committee and put in their possession for the 18th, 19th, and 20th of December? Would that cover it at first, do you think, Mr. Chipperfield?

Mr. CHIPPERFIELD. Yes, I think that those three dates and possibly the 22d, as containing something that would be explanatory of the 20th.

Mr. BENNET. I would like to have the 16th also.

Mr. WHIPPLE. Yes, and the 16th, that was Saturday.

Mr. CHIPERFIELD. With the understanding, of course, as Mr. Ellis knows, that it is not for publication in any way, but simply for the information of the committee.

Mr. ELLIS. December 21 and 22.

Mr. WHIPPLE. Now, do I understand that outgoing telegrams are thus dealt with?

Mr. ELLIS. They would be in those envelopes.

Mr. WHIPPLE. And the incoming telegrams, some of them would be in there and some would not?

Mr. ELLIS. The incoming telegrams and the orders, and book-keeping messages, unless those bookkeeping messages had been delivered to the bookkeeper or the cashier. The personal messages are delivered to the various individuals. They do not go back again. Occasionally I have taken a telegram that has been received by me and worked up my answer and put them together and sent them back to the wire room, but I do not do that very often.

Mr. WHIPPLE. I would suggest, Mr. Chairman and gentlemen, that it might be well to have the man who is responsible for this search and the production of the four telegrams that were presented to the committee appear before the committee promptly and narrate in regard to his search, and at the same time bring these bundles of papers which the committee requested and which he must have opened, according to the statement of this witness, in order to get the four telegrams that were produced in New York.

The CHAIRMAN. Do you know his name?

Mr. ELLIS. No, I do not know. Mr. Hutton evidently told somebody to get these messages. Now, just who it was I do not know. Mr. Toomey is in our wire room, in charge of it, and it is very likely that he asked Mr. Toomey to do it.

The CHAIRMAN. Do you want to have some order entered now, as to Mr. Hutton.

Mr. WHIPPLE. Well, every one who indulged in the search of those jackets to produce the telegrams. I think the committee might like to hear as to the diligence which they exercised which resulted in the absence of one telegram, at least, which in the ordinary course of their business ought to be preserved.

The CHAIRMAN. Then, inasmuch as Mr. Hutton was helping to institute this search, you wish notice served on him now to get these same persons and have them brought down?

Mr. WHIPPLE. Yes. I assume that the committee would rather have that inquiry prosecuted here in Washington rather than wait until we get back to New York.

Mr. CAMPBELL. The difficulty is that if you get one clerk down here, we would probably find that there were some other clerks and we would have to send for them.

Mr. WHIPPLE. I think Mr. Hutton ought to have the responsibility of finding out about that.

Mr. ELLIS. I will wire Mr. Hutton about it.

Mr. WHIPPLE. Unless the committee desires to suspend on that point, I would prefer to go on in regard to other and further telegrams.

The CHAIRMAN. Proceed.

Mr. WHIPPLE. Now, let me ask you if you saw any telegram like this, or can account for its absence and the failure to produce it

before the committee. We will call this number 5; time, Chicago, 12.02 p. m. That would be about 1.02 in New York. It is sent from Chicago to New York, to H. G. Who is H. G.?

Mr. ELLIS. That is our call; instead of saying Hutton they say H. G.

Mr. WHIPPLE. For Hutton?

Mr. ELLIS. Not Hutton personally, but Hutton & Co.

Mr. WHIPPLE. This telegram reads: "You should not send out my message confidential. How is this? Clement." Do you remember of receiving that?

Mr. ELLIS. I remember receiving a message from Clement. I do not remember just the exact words that he used.

Mr. WHIPPLE. Now, I will call your attention to this Exhibit H2, which is called the stock flash, which was sent out from New York at 12.57. If you will pardon me, I will read it. This is the one: "Reports have it that State Department will issue statement to-day intended to promote peace prospects. H. G." Now, that went to Clement, Curtis & Co., among others, did it?

Mr. ELLIS. It went to everybody on our wire. I assume it went to everybody.

Mr. WHIPPLE. And then, within four minutes, is it not true that Clement telegraphed back to Hutton, "You should not send out my message confidential. How is this? Clement." Do you remember his remonstrance?

Mr. ELLIS. Yes; I remember that.

Mr. WHIPPLE. That is, it was a remonstrance by Clement against your publishing in a flash to all your customers the confidential communication which he had sent to you in the earlier telegram that morning?

Mr. ELLIS. Yes, sir; this came over our wire from him.

Mr. WHIPPLE. Pardon me; just answer that.

Mr. ELLIS. Yes.

Mr. WHIPPLE. And you can make explanation afterwards. You so understood it, did you not?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Now, let me direct your attention to this telegram sent from Chicago to New York at 12.06; that is, four minutes later than No. 5?

The CHAIRMAN. Is this No. 6 you are reading?

Mr. WHIPPLE. No. 6. 12.06. This is Chicago time. All of this time is Chicago time.

Mr. BENNET. No. 6, as I have it, was the stock flash?

Mr. WHIPPLE. That is not given in my No. 6. I merely called attention to the fact that the stock flash went in between, and then there was this telegram of remonstrance against violating the confidence of the original one.

Mr. BENNET. Yes.

Mr. WHIPPLE. Now, No. 6, 12.06 p. m., to Ed. Hutton it is directed:

"I sent a confidential message to Barrett, and immediately you put it on wire. Who in hell is responsible for this kind of work? Clement." Do you remember that?

Mr. ELLIS. I do; yes.

Mr. WHIPPLE. If you remember that and it was sent to Hutton & Co., you understand why no one of your firm—why Mr. Hutton could not remember it and did not testify about it and why no copy was produced?

Mr. ELLIS. Because Mr. Hutton never got it.

Mr. WHIPPLE. He did not get it?

Mr. ELLIS. He was out of the office. It came to me in his absence, and I answered it.

Mr. WHIPPLE. You answered it?

Mr. ELLIS. Yes.

Mr. WHIPPLE. You can remember that probably on account of its pointed language?

Mr. ELLIS. I rather noticed it.

Mr. WHIPPLE. And you have not any doubt about your having gotten it?

Mr. ELLIS. No.

Mr. WHIPPLE. But the knowledge of it apparently was buried with you in the South, because we did not learn of it until this morning, or until we got this.

Mr. ELLIS. I answered the message, as it is in my handwriting.

Mr. WHIPPLE. Let us see about how soon you answered it. Now, I will ask your attention to this one, which will be No. 7, and this again is from Chicago to New York, because apparently they did not get an answer to the last pointed inquiry quickly enough or satisfactory enough?

Mr. ELLIS. Yes.

Mr. WHIPPLE. No. 7: "12.07 p. m."—one minute after the other from Chicago to New York. To "E. F. Hutton. I can not understand how anyone there would violate a confidential message. Simply precludes me ever sending anything again and kills our source of information in the future." Do you remember getting that?

Mr. ELLIS. I do not remember getting it. It undoubtedly came.

Mr. WHIPPLE. It undoubtedly came?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Who got that if Ed. Hutton was out?

Mr. ELLIS. I do not know. It may have come to me. I answered Clement shortly after that message, I think.

Mr. WHIPPLE. You answered him shortly after, but they were getting them in fast on you, as to why you had sent out their confidential message and shut off—

Mr. ELLIS (interposing). I did not put it out. It had been put out by one of our operators.

Mr. WHIPPLE. Did you know what their source of information was?

Mr. ELLIS. I did not; no, sir.

Mr. WHIPPLE. Oh, you did not? You did not know that they had a newspaper reporter in Washington that was giving them information?

Mr. ELLIS. Not until I heard it here in this room on Saturday.

Mr. WHIPPLE. Did you ever ask them when you had received this pointed and emphatic message—did you ever think about asking them, "where did you get your confidential information, the sources of which will be shut off by our action?"

Mr. ELLIS. I had too many other things to do to stop and ask questions that day.

Mr. WHIPPLE. If you did not ask them their sources of confidential information from Washington, they would not ask you your sources of confidential information from Washington, naturally, would they?

Mr. ELLIS. I do not know.

Mr. WHIPPLE. Did you tell them that you also had sources of confidential information?

Mr. ELLIS. I did not. I said we had a confidential wire or advice from Washington to that same effect.

Mr. WHIPPLE. Did that mean confidential information from headquarters, because you had a Washington wire?

Mr. ELLIS. I told him that we had been advised by our Washington wire.

Mr. WHIPPLE. Well, we will come to that in a moment. Now, apparently you did not attend to the response promptly enough, even though the questions were pointed and emphatic, because here goes No. 8 from Chicago to New York, time 12.11, four minutes later than the last question, and five minutes later than the emphatic and pointed one:

To Mr. Barrett. We have a man in Washington who gets the news. I think it up to you to sift down this thing, as we never will get any more dope from him, I fear. Clement.

Do you remember of seeing that?

Mr. ELLIS. No; I do not.

Mr. WHIPPLE. What did you say?

Mr. ELLIS. I do not ever recall having seen a message of that kind.

Mr. WHIPPLE. This, you see, was from Clement to Barrett. He was apparently sending in these messages to about every member of the firm.

Mr. ELLIS. He was gone crazy at the time. There is no doubt about that.

Mr. WHIPPLE. What is that?

Mr. ELLIS. He was very excited and fussy over the market on that morning.

Mr. WHIPPLE. Because he thought you had violated the confidence that he had given you about secret advices from Washington, and cutting off the opportunity to get such in the future. That is what he was excited about?

Mr. ELLIS. Very likely. It did not strike me that way, because had they been confidential advices, he would have coded them to us or sent them over the telephone. He would not have sent them through a lot of operators.

Mr. WHIPPLE. What was he excited about?

Mr. ELLIS. The market itself. We were all excited at that time.

Mr. WHIPPLE. Was he excited because Mr. Barrett telegraphed to him he was selling again?

Mr. ELLIS. I do not know. I am not sure why he was excited. Under these conditions almost every broker would be just a little excited, I think.

Mr. WHIPPLE. Tell us about your code. What code do you use?

Mr. ELLIS. I do not recall any code. We have some codes in the office. The general run of them; most all of them.

Mr. WHIPPLE. But you dropped, not in answer to any question, the statement that if this had been really confidential and as serious as Clement seemed to have regarded it, he would have coded them.

Mr. ELLIS. Yes. People send us news because we send news all over the country. That is our function. That is what we are there for, to keep other people advised. That is our business.

Mr. WHIPPLE. Have you received code messages from Clement, Curtis & Co.?

Mr. ELLIS. I do not recall any.

Mr. WHIPPLE. From whom have you received code messages?

Mr. ELLIS. From various banks regarding deposits of money and from our own partners in San Francisco, and I have a code with my partners in New York, and it is a general thing that when I have to talk over the wires with them, if I should be in Chicago, I talk in code. I do not mean as a general thing, but we would have a code, and if it was something of a confidential nature, we would code it.

Mr. WHIPPLE. That interests the committee, I think.

Mr. ELLIS. I think every wire house in the business has the same thing, because it is customary.

Mr. WHIPPLE. But you said that if Clement had really regarded this as confidential, he would have sent it to you by code?

Mr. ELLIS. Or called me on the telephone, yes. He likely would have called me on the phone.

Mr. WHIPPLE. Now, if there was——

Mr. ELLIS (interposing). That is, I think that is what he would have done. I beg your pardon, Mr. Whipple.

Mr. WHIPPLE. If there was an important, confidential message from your Washington office, would it be so coded that your own telegraphers would not understand it, in the office in New York, or would it be telephoned in the way you have just described with regard to confidential messages?

Mr. ELLIS. I do not think we ever had a code with Washington, and I do not recall that we ever talked with Washington, or anybody in Washington, over the telephone regarding any information or news. I have talked to them about margins on the accounts, perhaps, or some subject like that on one or two occasions, but I have never about anything else that I can recall.

Mr. WHIPPLE. In a code?

Mr. ELLIS. No; over the telephone.

Mr. WHIPPLE. Have you a code with Clement-Curtis, and not with the Washington office?

Mr. ELLIS. I did not say that. I say that we have used any one of a dozen codes or called me on the phone.

Mr. WHIPPLE. If Clement, Curtis & Co. would have used any one of a dozen codes, if there was an important and confidential communication coming over the wire to your office, they could have used codes?

Mr. ELLIS. Oh, they could, if they had wanted to, of course.

Mr. WHIPPLE. When they used a code, your telegraphers in New York would not understand what was being said, would they?

Mr. ELLIS. I do not think they would.

Mr. WHIPPLE. And therefore if an important and confidential message like that marked "Exhibit H-4" actually came over the wires in code, that would be consistent with every telegrapher in your offices stating that from memory he had never seen that message, would it not?

Mr. ELLIS. Yes; I suppose it would.

Mr. WHIPPLE. Now, who would decode it or translate it?

Mr. ELLIS. Very likely I would.

Mr. WHIPPLE. Who?

Mr. ELLIS. I would decode it, I suppose.

Mr. WHIPPLE. Is not there anyone else in your office that is capable of translating a code message?

Mr. ELLIS. Our cashiers have code messages from time to time from the banks, and they would be able to translate the code. Mr. Adams would be available there, or Mr. Tompkins, I suppose, for anything like that in my absence. We have very few code messages.

Mr. WHIPPLE. There are quite a number of telegraphers around among them who could translate a code message?

Mr. ELLIS. I do not believe a telegrapher could translate a code message, unless he knew the code.

Mr. WHIPPLE. Certainly. Therefore if an important and confidential message was sent from Washington by code, that would account for no one of your telegraphers knowing that such a message was sent, would it not?

Mr. ELLIS. I suppose it would.

Mr. WHIPPLE. Yes; it would be consistent with it.

Mr. ELLIS. Yes.

Mr. WHIPPLE. Are you aware that every telegrapher in your office was called who could, so far as the committee understood, have any knowledge with regard to the receipt of this important telegram on which H-4 was based, and that every one of them said that they had no memory of its being received in your office?

Mr. ELLIS. I have no knowledge of that point.

Mr. WHIPPLE. Have not you read in the papers their statements to that effect?

Mr. ELLIS. I have not.

Mr. WHIPPLE. And that the two men who attended the southern wire and the Washington wire, each of them said not only that they did not remember of receiving it, but that its nature was such, that, if they had received it, they would have remembered it?

Mr. ELLIS. I do not remember anything about that. I was not there. I was on the train at that time.

Mr. WHIPPLE. But you still say, as you volunteered to the committee, that if Clement, Curtis & Co. had really meant that their message as to the confidential communication from Washington was to be kept quiet and secret, you would have expected them to have coded it?

Mr. ELLIS. No; or telephone it.

Mr. WHIPPLE. Or telephone it?

Mr. ELLIS. Yes. Very likely telephone it.

Mr. WHIPPLE. That happens to be another thing.

Mr. ELLIS. I do not ever recall having received a code message from Clement-Curtis or Washington, but I have had lots of telephone messages.

Mr. WHIPPLE. But I will call your attention to the interesting fact that it was you who suggested that if they had regarded a confidential message important and extremely confidential they would have coded it. No one suggested it but you.

Mr. ELLIS. No; I am saying that is what I would have done if I had been in their place. If I had wanted to send to Clement, Curtis & Co. something important, I would not have sent it over the wires for

a dozen or fifteen people to see it. I would call them on the telephone and talk to them personally, because on our wire are Rod McKinnon & Co. and Clement, Curtis & Co., and a great many others, and it becomes public property. That is what I would have done had I been in his place. That is what I meant to convey.

Mr. WHIPPLE. Now, let us get at the telephone proposition. You understand that your private wire down here to Washington is so adjusted that, by notice, within a matter of ten or fifteen minutes it may be turned into a telephone wire with telephonic connections?

Mr. ELLIS. That may be, but it never has, to my knowledge, since that wire has been in there. Any telephone wire can be converted on notice—the Morse is taken down and we talk over it just as we talk over the ordinary wire.

Mr. WHIPPLE. Is that so with your Chicago wire?

Mr. ELLIS. One of our Chicago wires is a Bell wire; I think it is. I am just trying to get my memory right. One is a Western Union wire and the other is a Bell telephone wire.

Mr. WHIPPLE. Are you sure?

Mr. ELLIS. We can not do it on the Western Union wire, but we can on a Bell.

Mr. WHIPPLE. Are you sure that either of your wires to Chicago can be set up as telephone wires?

Mr. ELLIS. I am quite sure we can, if it is a Bell, and I think it is.

Mr. WHIPPLE. Can your southern wire be set up as a telephone wire?

Mr. ELLIS. I think it could be.

Mr. WHIPPLE. Is that a Bell wire?

Mr. ELLIS. That is a Bell wire, I believe.

Mr. WHIPPLE. As well as the Washington wire? Will you inquire as to that?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Because I have myself gained the impression that it was only the Washington wire that could be set up as a telephone wire.

Mr. ELLIS. That may be.

Mr. WHIPPLE. But I may be entirely wrong. Therefore, if it were desired from Washington, your Washington correspondent into your office, a highly important and confidential message that you did not want even your own telegraphers to know about, that could be done either by coding the message and sending it over the wire or taking down the Morse and setting up the wire as a telephone wire?

Mr. ELLIS. It could be done.

Mr. WHIPPLE. And the message could thus be given over the telephone?

Mr. ELLIS. Exactly.

Mr. WHIPPLE. And that would be absolutely confidential, except between the sender and the receiver of the message?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Well, we were diverted a little by that hint as to a possibility which would explain some of the contradictory testimony. If your wire was at any time turned into a telephone wire, who would know it?

Mr. ELLIS. The telegraph company.

Mr. WHIPPLE. Who else?

Mr. ELLIS. I do not know. The operators might know it.

Mr. WHIPPLE. Who would give the order from your office?

Mr. ELLIS. Very likely I would.

Mr. WHIPPLE. Would anybody else?

Mr. ELLIS. Mr. Hutton or any of the members of the firm. As a matter of fact, I do not know of any time that we have ever talked over one of our wires in the last year.

Mr. WHIPPLE. But of course you are only one of many?

Mr. ELLIS. I am only one of several, but I am there pretty nearly all the time.

Mr. WHIPPLE. We did not find you there when we were hunting for information, Mr. Ellis.

Mr. ELLIS. That is the first time I have been away for a long time. But it is customary, Mr. Counsel, if we call up Washington, we call them on the long distance in the regular way of things, and the same way with Chicago. The charge is probably three or four dollars, and if we call down our Morse wire, that stops our business.

The CHAIRMAN. The testimony was that they would do this after the operators had gone off duty.

Mr. ELLIS. Yes, after the close of business. We never would interrupt the day's business and call up Chicago or Washington, for the sake of the expense of the call.

Mr. WHIPPLE. Apparently, the committee are dealing with this situation where all your telegraphers say that they are sure they never received any such message as the head of your firm says was delivered to him.

Mr. ELLIS. All?

Mr. WHIPPLE. All of them that could give information about it, so far as any of your firm indicated, but I am only merely stating the purpose of it in ordinary to see how the testimony here and the testimony there may be reconciled and may be consistent, and the suggestions that you have made I think are helpful; and in that connection, Mr. Chairman, and gentlemen of the committee, you will remember Mr. Roper's testimony that it was only the last sentence and the words "great moment" that he could remember, so that while he assumed that what he had sent out before was like the model that was read to him, he was not absolutely certain.

Mr. GARRETT. Mr. Whipple, is that a code message, or is that a straight message?

Mr. WHIPPLE. Well, you see, we have not the original paper at all.

Mr. ELLIS. This paper [indicating]?

Mr. GARRETT. That over there.

Mr. WHIPPLE. That is one founded upon it.

Mr. GARRETT. I understand that, but I was wondering if it might not be well enough to ask as to that.

Mr. WHIPPLE. Do you remember whether that was sent out in code?

Mr. ELLIS. No code; it was just plain language.

Mr. GARRETT. That means exactly what it says?

Mr. ELLIS. Absolutely.

Mr. WHIPPLE. This was the one which was sent out to all customers, but the one upon which it is said that this was based as a part of it, and whether that was code or not we do not know.

Mr. GARRETT. Yes; I recall that distinctly, Mr. Whipple. The testimony has been that the message which was received there—for instance, Mr. Essary testified that the message that he wrote was in substance very much like that?

Mr. WHIPPLE. Yes. But now we are dealing with the question as to how it got over to New York and when?

Mr. GARRETT. I understand.

Mr. WHIPPLE. And the testimony presents this inconsistency, that all of the New York operators said that they did not receive it, and of course if it was sent in code, or if it went over by telephone, the testimony of those apparently and perfectly frank honest gentlemen is explained. If it did not, it is not explained.

Mr. ELLIS. There were two telegraphers there, one on the southern wire and one on the Washington wire. Were they both questioned?

Mr. WHIPPLE. Yes; we called them both.

Mr. ELLIS. And Mr. Toomey is our wire chief.

Mr. WHIPPLE. Yes; we called him.

Mr. ELLIS. And the message would likely have been handed to him, and he would have given it to some messenger to give it to me.

Mr. WHIPPLE. Well, in order to bring you up to date, he said that he never read any such message, but had probably had it handed to him like this [indicating], and he would probably pass it right on. That is what we were confronted with over there.

Mr. ELLIS. Did he know to whom he gave that message? Did he recall?

Mr. WHIPPLE. He was not sure that he ever received it. All that he could identify was that there was a yellow paper which was folded and handed to somebody, and he described it in that way and seemed very willing to say that he thought it was this particular telegram; but on close cross-examination by one or two members of the committee he admitted that he did not know whether it was at all.

Mr. ELLIS. If it was addressed to me or Hutton he would look at the message, and if it was not too long he would have an idea of the contents.

Mr. WHIPPLE. There were so many addressed to the members of the firm that day that he could not recall it, and then the telegraphers seem to have a very clear idea about it. They are very sure that they never heard it, and those are the men who transmitted it.

Mr. ELLIS. It is just like asking Mr. Stenographer here to repeat something which occurred in his notes 20 or 30 days ago. I do not suppose he could recall it, either.

Mr. WHIPPLE. That is what he says. But, you see, a telegrapher has the advantage, and has a much better idea to remember such an important and striking message as this, and it will be for the committee to determine whether their mental capacity for memory is better, or whether yours and Mr. Hutton's is better.

Mr. ELLIS. Yes.

Mr. WHIPPLE. Now, I want to proceed with these telegrams, from which I was diverted by your suggestion as to the telephoning or coding messages. I had read No. 8 at 12.11. No. 9, 12.19. Now, this is a telegram from Chicago to New York signed Cornell. Who is Cornell?

Mr. ELLIS. Cornell is an order clerk in our wire room.

Mr. WHIPPLE. And I think we have not heard his name before.

Mr. ELLIS. He transmits the orders to the Stock Exchange, back and forth.

Mr. WHIPPLE. Now, will you take Exhibit H-3, if you please, and follow it and see if this is not Exhibit 3:

To Clement: Our Washington wire gave us similar message to yours. Others have same information, and we put it out as more or less generally known. Your message was marked confidential, and we treated it so.

CORNELL.

Mr. ELLIS. Signed "Cornell"?

Mr. WHIPPLE. Yes. Now, you say he is an order clerk in your place?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Did it correspond except in the signature with the one you have in your hand?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. That is in your handwriting?

Mr. ELLIS. In my handwriting.

Mr. WHIPPLE. How is it signed?

Mr. ELLIS. Signed by E. F. H.

Mr. WHIPPLE. And that is E. F. Hutton?

Mr. ELLIS. Yes.

Mr. WHIPPLE. In other words, your copy of it was written by you and signed E. F. H.?

Mr. ELLIS. Hutton was out and I answered the message to Clement.

Mr. WHIPPLE. And the actual message sent was signed "Cornell"?

Mr. ELLIS. Cornell very likely came in and asked me to give him an answer, and I gave him this answer, and he sent it that way.

Mr. WHIPPLE. In other words, he sent it?

Mr. ELLIS. Yes, sir. In fact, he knew that Mr. Hutton was out and he probably, instead of putting the E. F. H., sent it as Cornell. He sends out a great many messages signed Cornell.

Mr. WHIPPLE. Do you mean that you remember that after all of these telegrams to you—I think seven of them—many of them bitterly and pointedly complaining that you had abused their confidence in giving out their confidential information to you, that you answered them because Mr. Cornell came into your room and asked for an answer and you finally wrote it out and signed Hutton's name to it. Is that true?

Mr. ELLIS. I say that is very likely. I do not know that it is true. From my knowledge of the office and the way things are done, I think that is probably the way it happened.

Mr. WHIPPLE. Although these excessive telegrams had come in complaining that you had put out confidential information received from Clement, nobody had answered them until the order clerk came in and asked you for an answer, when you wrote it out?

Mr. ELLIS. I did not attach any particular importance to it, and he evidently thought Clement was waiting and nervous and fretting, and he said, "Give him an answer," and I sat down and wrote it out. It did not appear to me to be of any particular importance and it may be that some one asked me to send him a message to quiet him; that he was using up wire space and time.

Mr. WHIPPLE. Then although there was received a telegram at 12.02, complaining of a violation of confidence on your part, addressed

to the firm; another one at 12.06 to Hutton, complaining of it, and asking pointedly who was responsible for this kind of work; another one at 12.07 saying that it killed their sources of information in the future; another one at 12.11, saying that it was up to you to sift down this thing, "As we will never get any more dope from him, I fear"; no attention was paid to them except that your order clerk came in and said Clement was fretting about it and he wanted an answer, and you sat down and wrote that out and sent it out?

Mr. ELLIS. I did not say that. I am a very busy man in my office, and I can not write with four hands; and when I am using two of them attending to other business, I can not stop everything to sit down and answer some message because I am getting messages all day long.

Mr. WHIPPLE. I suppose theirs is a busy office also.

Mr. ELLIS. But not quite as busy as ours.

Mr. WHIPPLE. And they have time to send four telegrams to you accusing you of a breach of confidence?

Mr. ELLIS. We have them coming in from 40 different points.

Mr. WHIPPLE. Not all accusing you of a breach of confidence?

Mr. ELLIS. Certainly not. I suppose this was important to Clement, but I did not know what he referred to, so far as the source of his information was concerned, and it was not of any particular importance to me, and I gave him an answer in good time to appease him.

Mr. WHIPPLE. But you say he was excited and everyone was excited. What was exciting him?

Mr. ELLIS. The market conditions. We were all borrowing a great deal more money than we wanted. We could not get our books in shape, our business through our books, by the time the exchange closed; the banks were calling for loans, and there were a thousand and one things to attend to. It is a very important matter to get your books up and pay off your loans and receive the stocks, and also we were crippled in our office. Mr. Adams at that time was sick, and I think there were others in the office who were sick, and I had to take other men's work along with my own, and we had more than plenty to do.

Mr. WHIPPLE. And one important thing that you have not mentioned was that the market was going off rapidly?

Mr. ELLIS. I do not know that. That is a matter of record.

Mr. WHIPPLE. Don't you remember, in all this excitement of book-keeping, that the fact also existed that the market was going off?

Mr. ELLIS. I know the market went off very rapidly the next day, when the President's statement came out, but I do not know about this day particularly.

Mr. WHIPPLE. And you do not know that there was a lot of selling, from what the news bureau said was information over brokers' wires from Washington?

Mr. ELLIS. I do not know, sir; no, sir. I had been selling stocks for weeks before that.

Mr. WHIPPLE. Very well. Let us go forward. I just read No. 9. Now, No. 10, time 1.02, sent by Hutton & Co. from New York on the overland wire. Now, will you take No. 4 down there [indicating]? From New York on overland wire to K. C., Mul. and all. What is K. C.?

Mr. ELLIS. Clement, Curtis & Co.

Mr. WHIPPLE. To Clement-Curtis, Mul. and all; that does not say Clement, Curtis and all?

Mr. ELLIS. This says, "Rod and all."

Mr. WHIPPLE. Now, I will call your attention to the fact that this says:

K. C., Mul. and all. See message following. Please treat it confidentially, and do not give it any publicity, and see that no word of it gets to papers or outsiders.

G. A. E., Jr.

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. Will you please read the first sentence of that? I was not noticing.

Mr. WHIPPLE. Yes. To "K. C., Mul. and all. See message following," and that is the following message [indicating]:

Please treat it confidentially, and do not give it any publicity, and see that no word of it gets to papers or outsiders.

G. A. E.

Did you find any such——

Mr. ELLIS (interposing). No, sir; this message does not contain that.

Mr. WHIPPLE. Now, there is another telegram purporting to bear your initials, a copy or the original of which should be in your office in New York, according to the system described by the partners.

Mr. ELLIS. I think it is there.

Mr. WHIPPLE. Which was not produced before the committee.

Mr. ELLIS. I think it is there.

Mr. WHIPPLE. You think it is?

Mr. ELLIS. Yes.

Mr. WHIPPLE. You think that is there and was not produced before this committee?

Mr. ELLIS. I do not know why it was not, or whether you asked them for it, or whether that is the stuff that they got as a result of what they thought was wanted, or the boys who made the search; I do not know anything about it. I was not there.

Mr. WHIPPLE. Do you remember your definition Saturday evening as to what you meant by "confidential" which you put upon the message following? Can you remember what you told the committee that meant?

Mr. ELLIS. Yes; of course.

Mr. WHIPPLE. Did not you say that that was sent openly to all your people and it was public knowledge?

Mr. ELLIS. To all our people?

Mr. WHIPPLE. Yes; and that it was confidential only in the sense that it was given you in confidence?

Mr. ELLIS. I said it was sent to everybody on our private wires.

Mr. WHIPPLE. And did not you say that it was confidential merely in the sense that your sources of information——

Mr. ELLIS (interposing). I do not know whether I did or not.

Mr. CHIPERFIELD. Mr. Chairman, in order to get my position on the record. Some day the question might arise as to whether or not full information is given. If a question is cut off, there may be some excuse or justification in not giving a proper answer. I object to this witness breaking in and cutting off the counsel's question and

leaving it incomplete as an excuse at some future time for not accurately answering what was in the counsel's mind. I make that statement in view of the statement made by the chairman, and I want to state the real thing I have in mind.

The CHAIRMAN. I want to admonish the witness to wait until the counsel has finished asking his question, and then give responsive answers if he can.

Mr. ELLIS. I am sorry that I am so unfortunate, but I am trying to do so.

The CHAIRMAN. Wait until the counsel has finished his question.

Mr. WHIPPLE. Now, will you read the question as asked?

(The stenographer here read the following:)

Mr. WHIPPLE. And did not you say that it was confidential merely in the sense that your sources of information—

Mr. WHIPPLE (continuing). That your sources of information were confidential, not in the sense that the people who received it should consider it confidential. Is not that what your testimony was on Saturday? Pause a moment.

Mr. ELLIS. I think that is correct. Whether that is the exact testimony I am not positive.

Mr. WHIPPLE. It is in substance correct?

Mr. ELLIS. It is in substance correct; yes, sir.

Mr. WHIPPLE. Let me call your attention again to the terms of this telegram, a copy of which was not produced, signed by you:

Please state it confidentially, and do not give it any publicity. See that no word of it gets to papers and outsiders.

Now, the word "confidentially" meant not merely confidentially as to the sources of your information, but that they should treat it in confidence and not let the newspapers get hold of it?

Mr. ELLIS. That is what I said in that message. That is quite right.

Mr. WHIPPLE. That message was not produced?

Mr. ELLIS. I do not know whether it was produced or not. If you say it was not, I believe that it was not.

Mr. WHIPPLE. Now, the message referred to, which they were treating confidentially, was this message No. 11, time 1.05, sent by Hutton & Co. of New York on the overland wire.

Flash stocks, all, all, Mul. and all. We are confidentially informed that a highly important message to all belligerents and neutrals has been issued from Washington, interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon. Full text to be given out to-night, and will be looked on as move of great moment.

G. A. E., jr.

That corresponds exactly with Exhibit 4, does it not?

Mr. ELLIS. That is the message; yes, sir.

Mr. WHIPPLE. And you preceded that with a flash telegram sent at 1.02, three minutes earlier?

Mr. ELLIS. I did.

Mr. WHIPPLE. Directing them not to give it any publicity and see that no word of it got to papers or outsiders. Why did not you want any word of this confidential communication to get to the newspapers or outsiders?

Mr. ELLIS. I assume that the message I received from Washington asked me to treat it in a confidential way. I do not know why.

Mr. WHIPPLE. The testimony heretofore has been that it was at least doubtful if there was any request that you treat it confidentially.

Mr. ELLIS. I do not recall the exact verbiage.

Mr. WHIPPLE. Do you remember that the message that you got from Washington requested you to treat it confidentially?

Mr. ELLIS. I think it said so.

Mr. WHIPPLE. In what sense? Confidential as to the source from which you got it, or confidential in the sense of not giving it to the newspapers and outsiders?

Mr. ELLIS. I think the message mentioned that it was not to be given to the newspapers, or it would be given to them that night.

Mr. WHIPPLE. That is an amendment of that——

Mr. ELLIS (interposing). That is my recollection.

Mr. WHIPPLE (continuing). Of that message that no one has ever stated before. Tell us exactly what he said on that subject?

Mr. ELLIS. I can not tell you exactly.

Mr. WHIPPLE. In substance, if you can?

Mr. ELLIS. In substance that the message was not to be given out to the public or the newspapers.

Mr. WHIPPLE. That it was solely and exclusively for your use?

Mr. ELLIS. I do not think I said that.

Mr. WHIPPLE. Well, was it?

Mr. ELLIS. Was the message?

Mr. WHIPPLE. Was the message to be solely and exclusively for your use and not given to outsiders and to the newspapers?

Mr. ELLIS. Well, it was addressed to me, and that was the request in the message, I believe.

Mr. WHIPPLE. Did it state why you should not give this to outsiders or to the newspapers?

Mr. ELLIS. Not that I recall.

Mr. WHIPPLE. Did you understand why this confidential message coming from Washington to you for your use should not be given to the public or to the newspapers?

Mr. ELLIS. I did not understand the reason for it; no.

Mr. WHIPPLE. Don't you now?

Mr. ELLIS. I do now; yes.

Mr. WHIPPLE. What do you understand the reason was?

Mr. ELLIS. I understand that the newspapers were to publish that statement the next morning.

Mr. WHIPPLE. And that your firm was to have it earlier than the newspapers or the public could get it?

Mr. ELLIS. You are answering the question for me, apparently. I would like to answer it on my own account.

Mr. WHIPPLE. Is not that so?

Mr. ELLIS. Shall I say "yes" or "no" to the question, or shall I explain the question?

Mr. WHIPPLE. I think I would, and then explain.

Mr. ELLIS. Well, my idea of the way of things in Washington is that when anything is given to the newspapers, on account of the territory which it covers, 3,000 miles one way, and perhaps two or three

thousand the other way, that is given to some press bureau. So that they can go to California, Los Angeles, Spokane, and some other places and those papers publish that in their next morning issue. That is just my own idea.

Mr. WHIPPLE. But you do not think that is an answer to the question, do you?

Mr. ELLIS. I think that is the reason why the request was made for it not to be given to the newspapers.

Mr. WHIPPLE. Why do you suppose that you were singled out to have this inside information which would not go to the public until the next morning?

Mr. ELLIS. I could not tell you that, but Connolly & Co. advised us of anything that occurs—anything they should think was important in the way of news and gossip. I do not know to this day why it was sent to me.

Mr. WHIPPLE. Now, you see this telegram which you sent says "full text to be given out to-night"?

Mr. ELLIS. Yes.

Mr. WHIPPLE. You knew that not even the newspapers had it at the time you did, for the purposes that you expressed?

Mr. ELLIS. I do not know whether they had it or not.

Mr. WHIPPLE. How could they have it if the text was not to be given out until night?

Mr. ELLIS. I did not pay any particular attention to that particular part of the message. I do not know the operations of the newspaper people, of the bureaus here, or the Washington way of handling these situations.

Mr. WHIPPLE. If you thought that it had possibly gone to the newspapers——

Mr. ELLIS (interposing). It was probably given to them with the understanding that they were not to print it until the following morning.

Mr. WHIPPLE. If that is so, that you thought it had been given to them confidentially, with the understanding that it was not to be made public until the following morning, why did you say that no word of it should be given to the newspapers or outsiders?

Mr. ELLIS. I did not know that the thing was absolutely and positively to be done. I said that we were informed of it, something of that kind was coming along. I was passing along somebody else's information along our wires, which is our duty to do, and I do it gladly and willingly.

Mr. WHIPPLE. If you thought the newspapers all had it, why did you ask your correspondents not to let the newspapers have it?

Mr. ELLIS. I just tried to explain to you that I thought those things were sent through the press bureau to different papers, so that the thing would come out in the proper form and in the proper way, and not be garbled or changed by this paper or that paper or the other paper. It was an important message.

Mr. WHIPPLE. If they had it, how would they garble it if they had the correct thing, if you gave it this extra publicity?

Mr. ELLIS. How did I know it was correct? I did not know where it came from or anything about it, except that it came over the Washington wire, and was sent by Mr. Essary or Mr. Connolly.

Mr. WHIPPLE. But you knew who Mr. Essary was?

Mr. ELLIS. I did not know who he was when that message came to me.

Mr. WHIPPLE. Did you believe, when it came to you, that it was correct and well founded?

Mr. ELLIS. Yes, or they would not have sent it to me.

Mr. WHIPPLE. Therefore, it was a piece of news that you could rely upon?

Mr. ELLIS. Yes, sir, or I would not have sent it out that way. I would have sent it as a rumor.

Mr. WHIPPLE. Therefore you felt that you were getting at this hour of the day when it came, inside and dependable information as to what was going to happen?

Mr. ELLIS. Of course.

Mr. WHIPPLE. On which you could base your action and your stock-market activities?

Mr. ELLIS. We did not base any market activities on it.

Mr. WHIPPLE. On which you could base your stock market activities?

Mr. ELLIS. Yes, if I saw fit; yes.

Mr. WHIPPLE. Yes, sir. That is, if it was reliable and from inside sources.

Mr. ELLIS. I do not know about the inside sources. I believed it was reliable, or I would not have sent it along the line. I am not in the habit of sending out a lot of junk if I can help it.

Mr. WHIPPLE. Did you give it thought as to how a gentleman named Essary could give you information of that sort that was reliable some hours before it was given to the press and more hours before it was to be published to the world?

Mr. ELLIS. I did not think about it. It was current gossip that the peace note was coming. The newspapers had been talking about it. People in our office were talking about it and discussing it, and in every brokerage business I believe in the city of New York, and the other countries were expecting something. We knew there was to be a note. It had already been stated so in the press, I believe, at this time.

Mr. WHIPPLE. Taking you at your word there, if what you sent was common gossip and everybody knew of it——

Mr. ELLIS (interposing). I do not say it was "common gossip." I say it was gossip that something was coming.

Mr. WHIPPLE. If that was gossip, you did not know any more than anybody else. Will you explain to the committee why you said "Do not give it any publicity and see that no word of it gets to the papers and outsiders"?

Mr. ELLIS. Unless the message contained that request that it was not to be given outsiders. If the message came that way, I naturally put it down that way and did not abuse the confidence that went with it, or rather, I kept that confidence.

Mr. WHIPPLE. If it carried no more than rumor or gossip, what reason was there to keep it from outsiders?

Mr. ELLIS. I am not saying that this identical message was being discussed, gentlemen. I am saying there was a peace message expected, and we had heard that. It was a rumor current in the Street that day. The wording of it, this was the first that I had heard anything of a definite time.

Mr. WHIPPLE. This was the first statement that you had as to what that note would contain? .

Mr. ELLIS. Yes.

Mr. WHIPPLE. That is it?

Mr. ELLIS. Yes.

Mr. WHIPPLE. And you believed it was from reliable and inside sources and was correct?

Mr. ELLIS. Absolutely.

Mr. WHIPPLE. And therefore you did not want it given out?

Mr. ELLIS. I did not want to put it in the newspapers if it was requested in the message that it was not to be given to the newspapers.

Mr. WHIPPLE. Did it occur to you to inquire how your informant could have gotten from inside and reliable sources just what the substance was of that peace note?

Mr. ELLIS. It did not occur to me at all. I did not pay any very great amount of attention to it, which is evident from our records of the transactions on the day after this message was received.

Mr. WHIPPLE. Do you wish to look over the paper which I have been using in examining you, which is a telegram from Clement, Curtis & Co. to myself in response to a request to them to give me their telltale messages?

Mr. ELLIS. If you would like me to see it; I am not particularly anxious to see it.

Mr. WHIPPLE. You may if you wish, and then I will show it to the committee as a basis of the determination by the committee as to whether Clement, Curtis & Co. should come and bring something else.

The CHAIRMAN. Is Mr. Clement still in California?

Mr. WHIPPLE. I think this is sent by one of his partners, but I am not sure. I would like to lay it before the committee. I have not read consecutively the telegrams which are numbered in this telegram to me. Is it your wish, Mr. Chairman, that I read the telegram in full?

The CHAIRMAN. I think the committee would like to have you do that.

Mr. WHIPPLE. Then you will get the consecutive and logical relation of the telegrams to each other. This telegram is addressed by Clement, Curtis & Co. to myself in Washington, dated February 3, and was received, or at least is marked 3.20 p. m., and received after the hearings on Saturday:

In compliance with your request in your night lettergram of 2d, following are copies from our Morseograph of messages sent to and received from E. F. Hutton & Co. on December 20:

No. 1. Time, 11.41 a. m., sent from Chicago to New York to Barrett, E. F. H., and G. A. E., jr. Confidential. Washington advices to us indicate that another peace statement likely to be issued late this p. m. (Signed) F. C. Aldrich.

No. 2. Time, 11.40 a. m., sent from Chicago to New York to Barrett: I hear that State Department will issue statement to-day regarding economic conditions European war as affecting neutrals intended to promote peace prospects. What do you think of this; and how are you on stocks? (Signed) Clement.

No. 3. Time, 11.51 a. m., sent by E. F. Hutton & Co. from New York on overland wire to K. C. Mul and all. Confidential. Washington advices to us indicate that another peace statement to be issued later this p. m. (Signed) F. C. Aldrich.

That is the one with regard to which there is evidently an error, but the transcription here says that the telegram was from New York to Chicago. The telegram probably passed from Chicago to New York.

Mr. CHIPERFIELD. Give me the date of that again, please, Mr. Whipple.

Mr. WHIPPLE. That is 11.51. It is four minutes after the last one.

No. 4. Time, 11.53 a. m. Sent from New York to Chicago to Clement. I am selling stocks again. (Signed) Barrett.

No. 5. Time, 12.02 p. m., sent from Chicago to New York to H. G. You should not send out my message confidential. How is this? (Signed) Clement.

No. 6. Time, 12.06 p. m., sent from Chicago to New York to Ed. Hutton. I sent a confidential message to Barrett and immediately you put it on wires. Who in hell is responsible for this kind of work? (Signed) Clement.

No. 7. Time, 12.07 p. m., sent from Chicago to New York to E. F. Hutton. I can not understand how any one there would violate a confidential message. It simply precludes me ever sending anything again, and kills our sources of information in the future. (Signed) Clement.

No. 8. Time, 12.11 p. m., sent from Chicago to New York to Barrett. We have a man in Washington who gets the news. I think it up to you to sift down this thing, as we never will get any more dope from him, I fear. (Signed) Clement.

No. 9. Time, 12.19 p. m., sent from New York to Chicago to Clement. Our Washington wire gave us similar message to yours. Others have same information, and we put it out as it is more or less generally known. Your message was marked confidential, and we treated it so. (Signed) Cornell.

Mr. CAMPBELL. What was the hour of that?

Mr. WHIPPLE. 12.19. That means 1.19, I take it, in New York.

No. 10. Time 1.02 p. m., sent by Hutton & Co. from New York on overland wire to K. C., Mul and All. See message following.

And that refers to No. 4.

Please treat it confidentially and do not give it any publicity, and see that no word of it gets to papers and outsiders. (Signed) B. A. E., jr.

Mr. ELLIS. What was the time on that message, Mr. Whipple?

Mr. WHIPPLE. That was at 1.02 p. m. At 1.05 p. m.—

Mr. CAMPBELL (interposing). That is 1.02 p. m. in New York?

Mr. POU. No; it would be 2.02 p. m. in New York.

Mr. WHIPPLE. 2.02 p. m. It is 1.02 in Chicago.

Mr. CHIPERFIELD. Then, of course, if it is, it is 2.02 in New York.

Mr. WHIPPLE. Then follows No. 11, 1.05 p. m., which is the one that I have had occasion to read a number of times and will not repeat. Then at the end it says:

Please acknowledge to us the receipt of this telegram. All of our messages bear Chicago time. (Signed) Clement, Curtis & Co.

And then the indorsement "3.20 p. m." as the hour when it was sent or received.

The CHAIRMAN. You mean all Chicago messages bear Chicago time and New York messages New York time?

Mr. WHIPPLE. No; I interpret it the other way, that the Chicago messages bear the hour of their sending from Chicago and the New York messages bear the Chicago time of their receipt in Chicago. So that it is literally true that all of them related to Chicago time. Is it your wish that this should become a part of the record? It is made substantially so.

The CHAIRMAN. The committee would desire it a part of the record.

(The paper referred to was thereupon marked as Exhibit Ellis-1.)

Mr. WHIPPLE. Do you know of any correspondence or messages between Clement, Curtis & Co. and your firm with regard to their furnishing to me, upon my request, these telltale messages?

Mr. ELLIS. No, sir; I have not any knowledge of that.

Mr. WHIPPLE. That is, so far as you are aware, Clement, Curtis & Co. furnished this entire list of telegrams without the knowledge of your house in New York?

Mr. ELLIS. So far as I am aware they did.

Mr. WHIPPLE. And you have made no effort to get them for the benefit of the committee?

Mr. ELLIS. No.

Mr. WHIPPLE. Nor your house, so far as you know?

Mr. ELLIS. So far as I know.

Mr. WHIPPLE. And I understand you to say that there is no telltale connected with any of your system, but you did know of this telltale in Chicago?

Mr. ELLIS. Yes.

Mr. WHIPPLE. I think there are no further questions that I could put to this witness to profit or advantage at the moment, and without a further investigation into the archives of the concern, and I mean by that further investigation as to what papers they may have that are not yet revealed, if any, or examination as to code messages and telephone messages as explaining the testimony of the New York operators.

Mr. CAMPBELL. Mr. Ellis, your attention has been called to a series of telegrams from Clement, Curtis & Co., criticising the firm of Hutton & Co. for putting on the wires what Mr. Clement called confidential information. What is your explanation of that criticism?

Mr. ELLIS. I do not know that I could give any explanation of it. I did not consider that when Clement-Curtis wires were sent to me or to Barrett, that that was to be treated by me for my own individual, personal knowledge; that it was sent to me as a matter of news rather than as a matter which was of importance that might have an effect with our different customers who are long of the stock market or short of the market, as it might be, and it was my privilege to utilize any information that came to my hands in that way and send it over the wire and call the attention of our other people to it. I thought that was the reason he sent it to me. That is the reason I sent it out; that is what we are there for.

Mr. CAMPBELL. He sent it to you for the purpose of conveying to you a matter of very valuable information?

Mr. ELLIS. Something that was important in the market; yes.

Mr. CAMPBELL. And criticized you for putting it on your private wires, so that it reached others on your wire?

Mr. ELLIS. Yes. I did not put it on the wire. As I understand it, one of our men in the wire room, seeing this coming over the wire, sent out what we call a flash, which is a condensed, short message, giving the gist of the thing; something like that.

Mr. CAMPBELL. Now, you have answered the question. The overland wire reaches Kansas City and Denver——

Mr. ELLIS (interposing). And Colorado Springs and Salt Lake and San Francisco.

Mr. CAMPBELL. And a few places in Arizona, and San Francisco and San Diego?

Mr. ELLIS. Yes; sir.

Mr. CAMPBELL. And your southern wire reaches on down to New Orleans?

Mr. ELLIS. Yes.

Mr. CAMPBELL. Down in through there?

Mr. ELLIS. Yes.

Mr. CAMPBELL. As a matter of fact you did make a little mistake in putting that out, did you not?

Mr. ELLIS. I did not put it out.

Mr. CAMPBELL. Well, your office.

Mr. ELLIS. Yes; it went out from the office. If I had thought that Clement-Curtis did not want us to send it out, I would not have sent it out.

Mr. CAMPBELL. Curtis is a practical stock broker, is he not?

Mr. ELLIS. He is a commission house, just as we are. He is not an operator.

Mr. CAMPBELL. Well, we will call them a commission house just as you are.

Mr. ELLIS. Yes; they have their clients.

Mr. CAMPBELL. And have large operations in stocks on the New York Stock Exchange?

Mr. ELLIS. Yes.

Mr. CAMPBELL. And of course, if information such as you had, of a valuable and confidential nature, were spread all over the wires, others besides Clement, Curtis & Co., of Chicago, and your firm would have as much information as you did?

Mr. ELLIS. Yes. We give it to them for that purpose, to create business and keep them informed.

Mr. CAMPBELL. But Curtis did not intend that you should give it to them, apparently?

Mr. ELLIS. That is evident now. I did not know that at the time.

Mr. CAMPBELL. So that that information was for the use of E. F. Hutton & Co., of New York, and Clement, Curtis & Co., of Chicago?

Mr. ELLIS. That is the way he meant it apparently.

Mr. CAMPBELL. And E. F. Hutton & Co., of New York, had in their possession over 300,000 shares of stock that they could have used in selling short on that day and have made \$3,000,000, in that neighborhood?

Mr. ELLIS. That would have been an awful chance to take on one message. I think that is evident.

Mr. CAMPBELL. The head of your firm took a little flier at it, did he not?

Mr. ELLIS. I do not know what he did. He may have been long or short of stocks previous to that time, but whether he sold or not I do not know.

Mr. CAMPBELL. But he sold on that day?

Mr. ELLIS. If he testified that he did, I guess he did. I do not know.

Mr. CAMPBELL. He was not in the office, you say?

Mr. ELLIS. He was not there when this message came. I sent this in answer to it.

Mr. CAMPBELL. How do you account for his absence from the office on a day like this?

Mr. ELLIS. Mr. Hutton may have been upstairs or downstairs or out to lunch or at the bank.

Mr. CAMPBELL. He would not have been lounging around at lunch that day, would he?

Mr. ELLIS. No, sir; he may have been upstairs.

Mr. CAMPBELL. Could he have been at any other office or in consultation with some very able and active operator on the stock exchange?

Mr. ELLIS. I do not think so. I know Mr. Hutton's habits very well. I lunch with him pretty nearly every day, and I do not recall Hutton ever having gone into another office, and I do not believe he has ever given any man——

Mr. CAMPBELL (interposing). You have accounted for his absence from the office.

Mr. ELLIS. Just in the ordinary course of business. He was out to lunch or upstairs or downstairs.

Mr. CAMPBELL. He was not there to answer these messages?

Mr. ELLIS. Not at this particular time he was not.

Mr. CAMPBELL. Or these telegrams?

Mr. ELLIS. He did not get these telegrams, Mr. Campbell. I got this telegram. I do not believe that I showed that telegram to Mr. Hutton until long after 2 o'clock.

Mr. CAMPBELL. Which telegram?

Mr. ELLIS. This telegram that they are referring to as being the wording of the note.

Mr. CAMPBELL. I have not got to that yet. I am now talking about the Clement telegrams, that is, when he was criticizing you for making this public?

Mr. ELLIS. Yes; that is quite right.

Mr. CAMPBELL. And Hutton was not in the office in order to answer these criticisms?

Mr. ELLIS. That is correct; not from Clement.

Mr. CAMPBELL. You maintain a system of private wires extending throughout the country, probably the next to the largest system of private wires of any brokerage house in the United States?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. The importance or a part of the importance of those wires is for the purpose of getting just such confidential information as you have been testifying to here this morning?

Mr. ELLIS. Yes. We naturally want all the news that is important that we can get.

Mr. CAMPBELL. Mr. Ellis, you say that you wrote this telegram marked H-4?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. Do you remember just where you were when you wrote that?

Mr. ELLIS. I do not remember exactly. I think at my desk.

Mr. CAMPBELL. Do you remember the circumstances under which you wrote it?

Mr. ELLIS. All that I recall is taking it from another message which I had in my hand at the time. That is all I know.

Mr. CAMPBELL. I did not ask you about that.

Mr. ELLIS. No; I do not remember anything else regarding it.

Mr. CAMPBELL. You do remember about having this criticism from Chicago?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. Did you have the foundation for this telegram in your possession at that time?

Mr. ELLIS. I could not tell you, sir.

Mr. CAMPBELL. At the time you received this criticism from Chicago?

Mr. ELLIS. This all happened some time in the middle of the day. I do not remember the time. We were jumping around pretty lively.

Mr. CAMPBELL. You had this criticism from Chicago, and now I ask you if you had this basis for this telegram in your hand at the time you were receiving this criticism?

Mr. ELLIS. I can not say. I do not know, frankly.

Mr. CAMPBELL. You do not know how long this was in your office before you sent this wire: "Our Washington wire gave us same"—strike out same—"similar message to yours." Do you know how long this had been in your possession before you sent this wire?

Mr. ELLIS. No, sir.

Mr. CAMPBELL. You had this confidential information in your office and were treating it just as Clement had intended you to treat the information he had sent. You did not give this out through the flash, did you?

Mr. ELLIS. Oh, no; it was sent out at 1.45.

Mr. CAMPBELL. In holding that until later——

Mr. ELLIS (interposing). So the time clock says.

Mr. CAMPBELL. One forty-five in New York would be pretty near the close of the market by the time it reaches Chicago; it would not give very much time in Chicago and Denver and San Francisco——

Mr. ELLIS (interposing). An hour.

Mr. CAMPBELL (continuing). For the "lambs" who come in, would it?

Mr. ELLIS. An hour.

Mr. CAMPBELL. Would it give time for gathering up a few lambs in Chicago and San Francisco and getting them into the New York Stock Exchange in time to save them?

Mr. ELLIS. I have heard the expression "lambs" used, Mr. Campbell, but what they did or how they disseminated the information, I am not able to say. As a whole, we do not know their customers they may send us orders to buy or sell for.

Mr. CAMPBELL. You did not give them this piece of very valuable information?

Mr. ELLIS. As soon as it was received, no; I do not think we did, and I was busy——

Mr. CAMPBELL (interposing). Why were you holding this?

Mr. ELLIS. For no particular reason. I have no recollection of holding it for any particular reason. I believe it was on my desk.

Mr. CAMPBELL. Just talk a little bit less and answer my questions a little more directly.

Now, that your attention has been called to it, does it not occur to you that the fact is that this message had been in your possession for a long time and that it was being used by Barrett, who was selling, and by Hutton, who was selling——

Mr. ELLIS (interposing). Barrett never saw it——

Mr. CAMPBELL. Wait until I get the question finished.

Mr. ELLIS. All right.

Mr. CAMPBELL. Hutton was out of the office. In order to give advantage to members of the firm and any friends they might have on a break that this would cause in the market as soon as it was given out——

Mr. ELLIS (interposing). Mr. Barrett, I do not think, has ever seen that message.

Mr. CAMPBELL. You do not answer my question.

Mr. ELLIS. Then put it to me again.

(The stenographer thereupon read as follows:)

Mr. CAMPBELL. Hutton was out of the office. In order to give advantage to members of the firm and any friends they might have on a break that this would cause in the market as soon as it was given out——

Mr. CAMPBELL. Hutton was selling.

Mr. ELLIS. Hutton was what?

Mr. CAMPBELL. Hutton was selling, and Barrett was selling.

Mr. ELLIS. I do not know.

Mr. CAMPBELL. That is the testimony.

Mr. ELLIS. During the day——

Mr. CAMPBELL. And Hutton was out of the office probably selling with some large operator.

Mr. ELLIS. I think he was out to lunch. It was just about lunch time. I never knew him to sell——

Mr. CAMPBELL. This was a very nervous and very important day, and his presence must have been more important elsewhere than in the office, or more profitable elsewhere than in the office?

Mr. ELLIS. Under oath, I will swear here, as I recall this thing now, that Hutton did not see that message.

Mr. CAMPBELL. Oh, no, no; wait, wait. I have not asked you that.

Mr. ELLIS. And therefore that they could not have been doing these things.

Mr. CAMPBELL. But these operations were going on in advance of sending this telegram out, which would break the market.

Mr. ELLIS. But if they never saw that, how would they——

Mr. CAMPBELL (interposing). Oh, no; But the fact is, they were selling. The fact is that Hutton was out of the office, and the fact is that this was not sent out as soon as you received it.

Mr. ELLIS. I was a very busy man, and I sent it along the line. I did not pay any particular attention to that as a market factor. I did not show it to Hutton; I did not show it to Barrett until after it had been sent out. That is the other message. I probably showed it to them somewhere along about 4 o'clock.

Mr. CAMPBELL. As a matter of fact, this might have come in on a wheelbarrow, so far as its importance goes?

Mr. ELLIS. We do not get them on wheelbarrows.

Mr. CAMPBELL. Is that what you want the committee to understand——

Mr. ELLIS (interposing). Our records, Mr.——

Mr. CAMPBELL (continuing). That it was left around the office without regard to its importance; is that what you want the committee to understand?

Mr. ELLIS. I want the committee to understand that Mr. Hutton, nor Mr. Barrett, nor no other man in our office, that I recall at that

time—no individual, no personal friend of mine, or any customer of ours knew the contents of that message——

Mr. CAMPBELL. I did not ask you that. That is a voluntary statement.

Mr. ELLIS (continuing). Until it was sent out over our wires.

Mr. CAMPBELL. What I am trying to get out of you is whether or not you regard this is of no importance?

Mr. ELLIS. It is an important message; of course it is; but I do not consider it—no, sir; that message never put the market down that afternoon, not one 5-cent piece.

Mr. CAMPBELL. I did not ask you——

Mr. ELLIS (interposing). That is an exaggeration, but I mean that is my opinion.

Mr. CAMPBELL. Mr. Ellis, I did not ask you if it broke the market; I did not ask you that at all. I asked you if it had not been in the office during the time that members of your firm were selling and was not made public until long afterwards.

Mr. ELLIS. If it was they never had seen it.

Mr. CAMPBELL. That is a mere conclusion of yours; you do not know who saw it before you did.

Mr. ELLIS. It was handed to me and put on my desk, and I do not think it went off my desk. Somebody might have seen it, yes.

Mr. CAMPBELL. Do you know whether it came right off the wire to your desk?

Mr. ELLIS. I do not know that.

Mr. CAMPBELL. You do not know but what it came to Barrett?

Mr. ELLIS. I do not think it did; it came to me.

Mr. CAMPBELL. You do not know it?

Mr. ELLIS. I do not know it of my own knowledge, no.

Mr. CAMPBELL. You do not know but what it came to Mr. Hutton, do you? He is the head of the firm.

Mr. ELLIS. I could not say that I did not. It did not go to Hutton, because Hutton afterwards had a very vague recollection of that. He did not see that telegram until after 2 o'clock that day—it might have been a quarter to 3 or 3 o'clock, as I recall.

Mr. CAMPBELL. The telegram to Barrett went to you, did it not?

Mr. ELLIS. Which telegram to Barrett? There were evidently severally of them I did not see.

Mr. CAMPBELL. No. 4.

Mr. ELLIS. No. 4.

Mr. CAMPBELL. Eleven fifty-three.

Mr. ELLIS. What was the contents of it?

Mr. LENROOT. The first confidential telegram.

Mr. ELLIS. That Clement sent to Barrett?

Mr. CAMPBELL. Did not that go to you?

Mr. ELLIS. No, sir; it did not.

(Mr. Whipple arose and stepped toward the committee.)

Mr. ELLIS (to Mr. Whipple). Wait just a minute.

Mr. CAMPBELL. Let us have your answer.

Mr. ELLIS. The message addressed to Barrett did not come to me.

Mr. CAMPBELL [exhibiting paper to witness]: That is Clement to Barrett.

Mr. ELLIS. If I made the statement yesterday or Saturday or to-day that this message came to me, was delivered to me directly, it is very,

very wrong; and I never meant to say any such thing. This message was addressed to Barrett, and I supposed was delivered to Barrett.

Mr. CAMPBELL. You want to now change the answer you made before?

Mr. ELLIS. If there is anything on the record like that, I certainly want to correct it. I did not mean to make it.

Mr. CAMPBELL. I want to know if you wrote the answer?

Mr. ELLIS. I wrote this [indicating]; yes.

Mr. CAMPBELL. And sent that as an answer to this telegram?

Mr. ELLIS. It is an answer evidently to two or three other telegrams that came in the meantime. The flash that went out of our office, which Clement criticized us for sending and which he wired about in two or three messages, which are included there, this is the answer to Clement [indicating].

Mr. CAMPBELL. That is the answer to this telegram——

Mr. ELLIS. No, sir.

Mr. CAMPBELL. And to those others.

Mr. ELLIS. I said my telegrams to Clement was the answer to his messages to me or to Hutton, not to Barrett. I do not answer Barrett's messages; if Barrett is there he answers his own messages.

Mr. CAMPBELL. Then you do not include this among the messages from Clement that you answered, when you wrote this message?

Mr. ELLIS. It is part of them; I do not know whether one of three or four messages, and I answered Clement's message—I answered a message that he sent to me.

Mr. LENROOT. You had seen that by that time?

Mr. ELLIS. I had seen that by that time, naturally; when Clement wired me about it I wanted to see what he was criticising, and I found out he had sent out a flash from a message which Clement had sent to Barrett.

(Thereupon, at 12.50 o'clock p. m., the committee took a recess until 2 o'clock this afternoon.)

AFTER RECESS.

The CHAIRMAN. Proceed, gentlemen.

Mr. CAMPBELL. Mr. Ellis, you observed from that list of telegrams passing between Hutton & Co. and Clement, Curtis & Co. that Barrett only sent one telegram and that was the one to Clement in which he said, "I am selling again," or "selling stocks again."

Mr. ELLIS. Selling stocks again; yes.

Mr. CAMPBELL. You think that was an answer to Clement's telegram?

Mr. ELLIS. A partial answer, I would consider it. What he "thinks of the market," as I recall Clement's inquiry, and Barrett said, "I am selling stocks again."

Mr. CAMPBELL. You do not know how soon after the Clement message came that Barrett made this reply?

Mr. ELLIS. No, sir.

Mr. CAMPBELL. Coming back to your estimate of the value of the important telegram, why do you place such small value on that telegram as a stock indicator or break?

Mr. ELLIS. We had been advised early in the morning that the message was to come, and that was important. The market would have noticed a message of that kind, perhaps, and it would have paid some attention to it. After the actual news is out, as a rule, the thing has been discounted; that is the usual result.

Mr. CAMPBELL. What do you mean by "early in the morning," before the market opened?

Mr. ELLIS. No. The message that Clement sent, whenever the time may have been——

Mr. CAMPBELL (interposing). Oh, no. I am now referring to the message that you had upon which you based your telegram to "Rod and all."

Mr. ELLIS. That message was not received by me until sometime late in the middle of the day or the early afternoon.

Mr. CAMPBELL. Then, what do you mean by saying that you had information "early in the morning"?

Mr. ELLIS. Well, I mean the Clement message. I do not know just the hour it was received.

Mr. CAMPBELL. That reached you at 11.47?

Mr. ELLIS. Well, late in the morning, then, I would say.

Mr. CAMPBELL. Well, was there anything in that message of Clement's that described or indicated what the message would be?

Mr. ELLIS. Just a proposal of peace message, which the newspapers had been talking about for a day or two before that perhaps, intimating something of that kind was about to come.

Mr. CAMPBELL. Why is it, Mr. Ellis, that your firm come upon the stand and say that that message to "Rod and all" was of no consequence?

Mr. ELLIS. I do not—I mean marketwise. I mean Hutton & Co. and myself, having received the message, did not think that it was of any very great importance to the market; that we did not act by advising our customers to sell their stocks out quick or do anything of that kind, and we did not, as a matter of record—I think our books will confirm this—make any effort——

Mr. CAMPBELL. Oh, you did not advise your customers?

Mr. ELLIS (continuing). To dispose of anything.

Mr. CAMPBELL. You did not advise your customers to sell, but did you sell your customers' stock short?

Mr. ELLIS. Absolutely not.

Mr. CAMPBELL. That is the question.

Mr. ELLIS. Absolutely not.

Mr. CAMPBELL. Then what stocks were Barrett and Hutton selling?

Mr. ELLIS. Barrett was selling stocks of his clients, but on its——

Mr. CAMPBELL. That was the clients of Hutton & Co.?

Mr. ELLIS. Yes; for their account, not for his account, not for Hutton & Co.'s account, but for their individual account.

Mr. CAMPBELL. But, is that what he meant when he said, "I am selling again"?

Mr. ELLIS. That is what he meant.

Mr. CAMPBELL. He did not say, "We are selling again"?

Mr. ELLIS. No, he did not; as I recall his telegram, "I am selling stocks."

Mr. CAMPBELL. Again?

Mr. ELLIS. Again—that he was selling for his clients.

Mr. CAMPBELL. Hutton testified that he sold stocks. He did not say he was selling his clients' stocks.

Mr. ELLIS. I understand——

Mr. CAMPBELL. That is, selling for his clients.

Mr. ELLIS (continuing). That Hutton sold all together a thousand shares of Utah Copper, and I do not know the date on which it was sold, but I am under the impression that it was sold prior to the 20th of December.

Mr. CAMPBELL. Do you think that Hutton and Barrett thought this message to "Rod and all" was of any importance on the market?

Mr. ELLIS. I testified in the forenoon that Mr. Barrett had not seen this message up to the time it had been sent out, and I do not think he saw it after it had been sent out, and I feel very positive in the statement that Mr. Hutton had not seen that message previous to it being sent out over our wires by me at 1.41 or whatever it may have been.

Mr. CAMPBELL. Why did you regard the contents of this telegram so carefully if it was of so little value and importance?

Mr. ELLIS. I did not regard it carefully?

Mr. CAMPBELL. You were carefully concealing it from Hutton, a partner, and from Barrett, a partner?

Mr. ELLIS. I beg your pardon. I am not concealing it at all.

Mr. CAMPBELL. But you say they did not see it.

Mr. ELLIS. It was delivered to me and was on my desk, and I sat down and wrote at some time shortly after the receipt—I do not know just when—a message to our correspondents along the wires. I did not go in and pull down the shades and close the door and say, "Here, Hutton and Barrett"—and so on—"here is a piece of news. Let us get together and make a lot of money." I did not advise Hutton.

Mr. CAMPBELL. Is not that just what you did when you received this message, along about the morning of the 18th?

Mr. ELLIS. The message was received by me on the day of the 20th, and shortly after the receipt of the message I sat down and wrote a message which you have here, advising our correspondents that this note was coming. We received nothing previous to that time, to my recollection, regarding the peace note or anything else coming from Washington that would be important, and the first knowledge I had of anything of that kind came over our wires from Chicago on the morning of the 20th, as the record shows somewhere, shortly before 12 o'clock.

Mr. CAMPBELL. We are now talking about the telegram that you sent to "Rod and all," when it was too late to help "Rod and all" get into the market. I asked you if you did not receive that telegram the morning of the 18th?

Mr. ELLIS. My recollection is that I received that telegram between—somewhere between 12 and 2 o'clock, apparently before 2 o'clock, because I sent my wire out at 1.41, which is time-clocked, as most of our messages are; and from what I gathered here and the testimony of others, I would say that that wire was received by me about 1 o'clock on that particular day, the 20th of December.

Mr. CAMPBELL. But you know, Mr. Ellis, all your telegraphers say you did not receive it over your wire.

Mr. ELLIS. I have heard that stated since I have been here, but I am making the statement——

Mr. CAMPBELL. And they say that they are not mistaken about it.

Mr. ELLIS. I differ with them. That message was handed to me in my office on that day by some individual in our office.

Mr. CAMPBELL. Do you know whether it was handed to you directly off the wire or whether it was simply brought to your attention, saying, "Now, we are safe in sending this out to 'Rod and all'?"

Mr. ELLIS. I do not know that it was brought immediately to me, but I am very much of the opinion that as soon as it came off of the wire in the regular order of our business, that whoever handed the message out gave it to a man called "Jimmie," who takes these messages from the wire room to Mr. Barrett, Mr. Hutton, and myself and others, or some employee that would answer the same purpose, as a messenger from the wire room to one of the members of the firm. That is the method we employ up there; or it might possibly have been our secretary, a Mrs. Jaffa, who looks after Mr. Hutton's correspondence and my own. Those are the people that would be likely to bring a telegram like that to me.

Mr. CAMPBELL. Mr. Ellis, you know the value that Clement places upon the subject matter that he had in his telegram which did not disclose the contents of the President's note, as your telegram did?

Mr. ELLIS. Yes.

Mr. CAMPBELL. Did it not strike the members of the firm of Hutton & Co. when they got this information direct from Washington that "here is a chance," and that you did "pull down," figuratively speaking, "the curtains," and that Hutton did sell and Barrett did sell, and that after it was too late to help out the people on your wires or the customers on your wires, the small "lambs," that then it was given out to "Rod and all."

Mr. ELLIS. That never occurred to me.

Mr. CAMPBELL. It never occurred to you, but it occurred to Clement, Curtis & Co. that they had some valuable information and criticized you very severely for sending it out even as a stock flash.

Mr. ELLIS. But, Mr. Campbell, our books and our records, which are open to your committee and your experts, give the transactions made by E. F. Hutton & Co. on that day, and a copy of all the transactions go to the New York Clearing House, where we clear our stocks, sell and deliver and receive them.

Mr. CAMPBELL. But, Mr. Ellis, you are not answering my question.

Mr. ELLIS. I am trying to.

Mr. CAMPBELL. You are arguing now.

Mr. ELLIS. No, beg your pardon, I do not mean to argue; I am trying to give you what you want.

Mr. CAMPBELL. Let me ask you this: Why is it that on so important a telegram as this—and I repeat again—every member of your firm says, "Why, that is a matter of no importance?" You left it lying around, as you say, for some hours or for some time, before you sent it out to "Rod and all." Why do you place this telegram in the list of papers around your office that were of little or no importance?

Mr. ELLIS. I have been in Wall Street long enough to know that Wall Street anticipates things; that it sells before something comes out if it is going to be bad, and that when the rumored news comes

out and is made public then that the effect is gone; that is the time the speculator——

Mr. CAMPBELL. But this was not made public until you sent it out to "Rod and all"——

Mr. ELLIS (interposing). Yes.

Mr. CAMPBELL (continuing). At 1.54. What have you to say about that?

Mr. ELLIS. What wire?

Mr. CAMPBELL. The stock market. The Street had not had the benefit of this news until you sent it out over your private wires at 1.54.

Mr. ELLIS. Well, we received the message at half-past 12 or 1 o'clock or thereabouts.

Mr. CAMPBELL. But did not send it out until 1.54.

Mr. ELLIS. No, we did not send it out until 1.54. I do not know when we received it either. I say "thereabouts."

Mr. CAMPBELL. Yes.

Mr. ELLIS. I do not know what the record of the stock exchange is, or the transactions of the sales is; that is all public matter we can get, and from that show all sales between half-past 12 and 1 o'clock, and the time of sending this message out. Our books are available, our records are there, and any expert accountant can go through them any time he wants to and look over them and see what stocks were sold at any time of the day or any particular time of the day, and then tell you gentlemen whether or not we acted on the information that had been received by us over the wires. To my own particular knowledge——

Mr. CAMPBELL. But your books do not show transactions or sales made by the members of your firm through some other broker.

Mr. ELLIS. I am willing to swear now, to the best of my knowledge——

Mr. CAMPBELL (interposing). Answer my question. Your books would not show that, would they?

Mr. ELLIS. They would.

Mr. CAMPBELL. Your books would show sales made. For instance, if Hutton while he was out of the office had called upon some other broker and said, "Sell 50 or 100 or 500," or any other number of shares of Steel short for me——

Mr. ELLIS (interposing). Mr. Hutton or Mr. Barrett, to my knowledge——

Mr. CAMPBELL (Continuing). Your books would not show that, would they?

Mr. ELLIS. If it was done in one way, they would. If they cleared that stock for us and disguised from whom that stock was coming, it would be sold for my account, cleared by the other house, and then delivery made to the purchaser, and there would be a record of our having delivered to that house, and thus clearing so many shares of stock or whatever the amount may be. If I called the house up direct and said, "Here, I want to open an account with you and have a personal, individual, account; I do not want anybody to know it. You sell so much stock for my account," then it would not appear. That is the distinction.

Mr. CAMPBELL. You know Mr. Bernard Baruch?

Mr. ELLIS. I have met the man; yes.

Mr. CAMPBELL. You regard him as a successful operator?

Mr. ELLIS. Very.

Mr. CAMPBELL. A man who knows a good thing or a good hunch or a good tip when he sees it?

Mr. ELLIS. He does.

Mr. CAMPBELL. And you know that he regarded your message to "Rod and all" as of so great importance that he said if he had known that he would have commenced selling in the morning and would have sold hard and fast and consciously?

Mr. ELLIS. Mr. Baruch is one of the exceptional men dealing in Wall Street, recognized as being a man of very keen mind and an expert operator in the Street, and he has been a very successful operator.

Mr. CAMPBELL. You do not look like----

Mr. BENNET. You realize you did not answer the question by saying that?

Mr. ELLIS. No.

(The stenographer thereupon read the question and answer referred to as follows:)

Mr. CAMPBELL. And you know that he regarded your message to "Rod and all" as of so great importance that he said if he had known that he would have commenced selling in the morning and would have sold hard and fast and consciously?

Mr. ELLIS. Mr. Baruch is one of the exception men dealing in Wall Street, recognized as being a man of very keen mind and an expert operator in the Street, and he has been a very successful operator.

Mr. BENNET. He asked you a question to be answered yes or no, and you gave Mr. Baruch's autobiography.

Mr. ELLIS. That is my thought of Mr. Baruch; that expresses it. I did not know that he ever referred to it, as a matter of fact.

Mr. CAMPBELL. I concur in your opinion as to Mr Baruch's ability. Your Mr. Hutton is a pretty shrewd operator himself, is he not?

Mr. ELLIS. I could not say that he was or was not. I have seen him make profits and also losses.

Mr. CAMPBELL. You are not so slow yourself.

Mr. ELLIS. I am not a trader.

Mr. CAMPBELL. Well, you look as though you would know a good thing as a market indicator.

Mr. ELLIS. I hope so.

Mr. CAMPBELL. You have been successful in business?

Mr. ELLIS. I have.

Mr. CAMPBELL. One of the largest brokerage houses in New York?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. And yet you say that you saw no stock-market value in this?

Mr. ELLIS. I did not sell any stocks, I am sorry to say, because the next day the market went much lower.

Mr. CAMPBELL. You saw no stock-market value in this telegram? That can be answered yes or no.

Mr. ELLIS. No.

Mr. CAMPBELL. Why did you send it out to "Rod and all"?

Mr. ELLIS. It was interesting.

Mr. CAMPBELL. In what way?

Mr. ELLIS. To anybody that had any Wall Street interests or investments or speculation.

Mr. CAMPBELL. You noted the last two lines or the last clause which you sent?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. "Looked on as move of great moment." To what did that refer?

Mr. ELLIS. That was copied from a message I had received.

Mr. CAMPBELL. I know, but "a move of great moment"——

Mr. ELLIS. To the world.

Mr. CAMPBELL. To the world. It had no relation whatever to the stock market?

Mr. ELLIS. I did not apply it that way, sir.

Mr. CAMPBELL. You thought that that was a movement of great moment to the world?

Mr. ELLIS. Yes.

Mr. CAMPBELL. Probably helped the allies?

Mr. ELLIS. I did not think so much about it; I just sent it along, as it came to me.

Mr. CAMPBELL. Did you regard it as being a movement of great moment to the neutrals or to the belligerents?

Mr. ELLIS. It was very interesting to all the world, both the belligerents and the neutrals.

Mr. CAMPBELL. And you sent it out over your private wires to stock brokers, not because it had value as a producer of movement in the stock market, but just to show your correspondents and friends on the wires that there was a movement of great moment, either to the belligerents or to the neutrals.

Mr. ELLIS. It was an important message to send out.

Mr. CAMPBELL. And had no value as a market indicator?

Mr. ELLIS. I did not know what its effect would be on the market.

The CHAIRMAN. Is the manager of the telephone company in the room?

Mr. PORTER. He is.

The CHAIRMAN. The committee desires, Mr. Porter, that your records be accessible to counsel and the committee, and have entered an order to that effect.

Mr. PORTER. Mr. Chairman, may I say just one word?

The CHAIRMAN. Yes.

Mr. PORTER. That is that our company has at all times endeavored to maintain inviolably the secrecy and the confidence that goes with our service, but we recognize your summons and will obey it.

Mr. POT. Mr. Ellis, you spoke of the coming note as "a possible proposal of peace." If it had turned out to be a possible proposal of peace from the one great neutral power, it would have been information of supreme importance, would it not?

Mr. ELLIS. Yes, sir.

Mr. POT. Then, if that information of supreme importance should have been obtained in a confidential way by some one and communicated in a confidential way to one firm or, I will say, one person, that firm or person could have used it to very great financial advantage, could he not?

Mr. ELLIS. He could.

Mr. POT. Assuming that you were the person that would be the recipient of this information of supreme importance, you would not

consider it immoral to use that information in your dealings on Wall Street?

Mr. ELLIS. I would have used the information personally, yes; that would be my privilege. In this case, I did not.

Mr. POU. In view of your answer to these three questions, to wit, that you had heard that this coming information might be a proposal from the greatest neutral power in the world, a proposal for peace; that the information would have been of great financial value if it had been obtained by one firm or one person financially; that you considered it not immoral to have used that information, why do you persist in telling this committee that you considered it a matter of little or no importance?

Mr. ELLIS. Because the message preceding that, which gave the information to us and the Street and others, was the important message marketwise. People—traders and speculators—speculate on coming things, and had they felt or believed that a peace message was coming, as they did perhaps, a lot of them, they would have acted on the first message, and when the second message came out, if it was correct and they believed it was correct and gave the thing that was to be published generally, it is more than likely that that is the time that they would have probably taken in their short commitments, or maybe not; that they would have waited, and had they waited they would have been fortunate, because there came along another message saying the country was on the verge of war, and that gave the market a shock, and, of course, anybody that was short had an opportunity to take in at a profit any short commitments that he might have had outstanding when that news arrived on the exchange.

Mr. POU. The market did not act in response to the early morning rumors that you say were floating around, did it?

Mr. ELLIS. My recollection of the market was that we had a very active session that day and several days preceding that and several days after that.

Mr. POU. I am speaking now——

Mr. ELLIS. I have no recollection of that without looking at the records of the transactions.

Mr. POU. You have no recollection of that?

Mr. ELLIS. No; except in a general way.

Mr. POU. Then, when the information did come, you said a while ago, you believed it to be entirely reliable?

Mr. ELLIS. I believed it to be reliable, yes; otherwise I never would have put it out.

Mr. POU. It came to you confidentially?

Mr. ELLIS. It came to us confidentially.

Mr. POU. You did not think it immoral to use it?

Mr. ELLIS. I did not.

Mr. POU. Why did you not at once go to work and jump in and use it?

Mr. ELLIS. I do not speculate in the market myself to any extent; that is not our function. We are a commission house. We take information as we get it and send it over the wire to our different correspondents; they give it to their customers, and those are the people who speculate. We are the commission brokers; we make our money as the result of their activities in the market, and we

charge them a commission on every transaction we make on the New York Exchange. That is our business.

Mr. POU. Did you not say less than five minutes ago, or did you not say not less than ten minutes ago that you had not used the information?

Mr. ELLIS. For my own personal advantage; yes, I did make that statement. I did not use it for my own personal benefit. I did not sell for my own account any stocks. I was benefited in my business, if other people sold stocks for their account through me, because they would pay to me a commission of one-eighth of 1 per cent, and that is my business, that of a commission broker.

Mr. POU. There is one more feature about this whole business that I myself have not been able to comprehend, and that is that you say that you consider this was a "possible proposal of peace" from our Government. There could not have been anything more important than that, short of actual peace itself, scarcely, that one could think of—that you considered it entirely proper to use this information. Now, why all this attempt at concealment? Why not come out and say to the world, "We got this information; we got it in our own way. We think it is proper, and we are going to use it. If you don't like it, it is none of your business?" Why this concealment from one partner by the other?

Mr. ELLIS. There was no concealment. Our office is a busy place. The message was sent to me at a given hour. I did not take the message. I had a thousand things to do on that day, as I have pretty nearly every day on an active market, and to go out and see that partner or mention it to them—whatever I may have been doing, I probably finished and some other interruption came along, and when I had time I sat down and made a copy of that message and sent it over the wires. Frankly, I do not believe Mr. Barrett ever saw the message, and I am not so sure that Hutton saw it, before 3 o'clock of that day.

Mr. POU. If you considered it of the importance you say it is, why on earth was it that you did not show it to them?

Mr. ELLIS. We were borrowing on that day and at that time a great deal of money. We had a great deal of business going through our hands. We were very much worried, as everybody in the Street was, to get our deliveries out and to get our loans through, and get our money in. The money market was a factor, and a very important factor, and it was difficult to borrow money around that period; and those are the things that were taking my time, and I gave a good deal of attention to that, because that is the most important part of our business, as a commission house—that and numerous other things which I do not recall at the moment; but I am busy from the time I go there until very often late in the evening. Our men had been working all day and half of the night, and we have a large force. Two or three of the heads of our departments were ill, as the result of being run down and broken down in health. Mr. Hutton, I think, might have testified he may have been away a month or six weeks previous to this inquiry in New York, for the reason that his health was broken down, and immediately he came back and got the forces in hand I jumped out for a holiday to get a change of scene and a little fresh air. That was the condition of our business at that time.

Mr. POU. In spite of the extreme importance of this information which it was said was coming on a little later——

Mr. ELLIS (interposing). Yes, sir.

Mr. POU (continuing). And in spite of the fact that you knew that millions could be made out of it?

Mr. ELLIS. I did not know that. That is, it so developed that the action of the market was such that money could have been made out of that information had it been used?

Mr. POU. Money could have been made out of it; and in spite of those things you were there in that building with your two partners and never said a word to either of them about it until the market was about closed.

Mr. ELLIS. Four partners.

Mr. POU. Four partners?

Mr. ELLIS. Four partners.

Mr. POU. And you never said a thing about it to anyone?

Mr. ELLIS. Not that I recall to any one.

Mr. POU. Do you not think that extremely remarkable?

Mr. ELLIS. I do not, because I did it, and I have not done very many remarkable things in my life.

Mr. POU. It seems you have done one.

Mr. ELLIS. The newspapers, as a matter of fact, had been talking about this proposal; it had been rumored around.

Mr. POU. Everybody had been saying that something would take place, but did it get down to a definite form until this information that begun to find its way into your office; I mean definite information?

Mr. ELLIS. That was the first definite information I had of it.

Mr. POU. Then you kept that to yourself?

Mr. ELLIS. For 15 or 20 minutes or a half an hour; yes.

Mr. LENROOT. Mr. Ellis, in relation to this first telegram from Clement & Co. to Barrett, marked "confidential." You have testified that you did not regard that as confidential to your firm, but confidential to your firm and your correspondents, and you therefore felt at liberty to use the information as to your correspondents. Is that true?

Mr. ELLIS. That is true; that is why information is sent to us.

Mr. LENROOT. And you said that based on that the stock flash was sent out that "reports have it that the State Department will issue a statement to-day intended to promote peace prospects."

Mr. ELLIS. That was sent out; yes.

Mr. LENROOT. And, as the result of that, Clement in a series of telegrams bitterly complained over the violation of their confidence.

Mr. ELLIS. Yes.

Mr. LENROOT. And in reply to that you yourself wrote a telegram, which was marked "personal" and sent it to Clement & Co., reading as follows:

Our Washington wire gave us similar message to yours. Others have same information, and we put it out, as it is more or less generally known. Your message was marked confidential, and we treated it so.

If you did not regard that first message of Clement & Co. to you as confidential to your firm and felt at liberty to use it for your correspondents, will you tell the committee why in this telegram you sent "your message was marked confidential, and we treated it so."

Mr. ELLIS. I did not disclose the source of the message that Clement sent. In the flash it said it is regarded or reported peace message will come out. We sent that to our southern wires, and we sent that to our western wires.

Mr. LENROOT. But Clement had not given you the source of your information which was marked "confidential," and they were not complaining about that?

Mr. ELLIS. No. Understand, I did not say that Clement, Curtis & Co. informed us so-and-so and so-and-so was coming along. I said "it is reported."

Mr. LENROOT. Yes; but Clement, Curtis & Co. were not complaining that you had used their name, but that you had used the information they had given you marked "confidential."

Mr. ELLIS. That is the reason—if I have not said it, why, I will when I see him, that if Clement had any confidential information to impart to me that he should have called me on the telephone and not sent it over the wire which has two or three other houses on it, because he knows they are on the wire and he knows it has to go through the hands of some of our telegraphers.

Mr. LENROOT. But, Mr. Ellis, you knew in these four or five telegrams Clement & Co. was complaining of an abuse of a confidence because you had used the information, not their name. You understand that.

Mr. ELLIS. I understood that; yes.

Mr. LENROOT. You understood in this telegram when you said "your message was marked 'confidential' and we treated it so" and you wanted them to understand that the news you had sent out in the stock flash was not due in any sense to the telegram received from Clement & Co., did you not?

Mr. ELLIS. I did not send the stock flash.

Mr. LENROOT. I know you did not, but you say "your message was marked 'confidential' and we treated it so."

Mr. ELLIS. Our office had at that time reasonably thirty or forty people in it. This information that something was to come was current in the street I think with almost every house that had wire connections. People discuss these things, and I heard this thing discussed that something of the kind was to come, in our own office, and I assumed naturally that everybody in the street knew it; that we were not betraying any confidence that Mr. Clement might have put in us, if we had it was not our intention to do so.

Mr. LENROOT. But you have said two or three times, and you said a moment ago, that you felt at liberty to use this information sent by Clement & Co., did you not?

Mr. ELLIS. Yes.

Mr. LENROOT. And yet you said in this telegram "your message was marked 'confidential' and we treated it so," when you knew that you had within half an hour received four telegrams from Clement & Co. complaining of your using the information?

Mr. ELLIS. Well, when I made that statement that we treated it confidential, I had in mind undoubtedly that I had not disclosed where the information came from, but I did not use Clement, Curtis & Co.'s name.

Mr. LENROOT. But you knew that was not what Clement, Curtis & Co. was complaining about. They made no charge that you dis-

closed the source of your information. They were complaining because you had used the information and had failed to treat it confidentially?

Mr. ELLIS. That is the way it appears; yes. I do not recall that I looked at it in that light at that particular time.

Mr. LENROOT. You say that your recollection now of the Essary message is that it was marked confidential, and in addition to it was a specific request that it be not given to the newspapers; that is your recollection?

Mr. ELLIS. There was something of that wording.

Mr. LENROOT. Did the word "confidential" in the Clement message have any different meaning to you than the word "confidential" in the Essary message?

Mr. ELLIS. I do not recall that it did.

Mr. LENROOT. I do not recall that it did.

Mr. ELLIS. No.

Mr. LENROOT. So, then, in the message to Clement you say "your message was marked 'confidential' and we treated it so?"

Mr. ELLIS. Yes.

Mr. LENROOT. If you did not use the information in the Clement message as the basis of your stock flash, why should you have done so as to the Essary message?

Mr. ELLIS. I do not know, sir. I do not know that we did.

Mr. LENROOT. On the 20th of December, Mr. Ellis, what knowledge had you concerning Mr. Essary?

Mr. ELLIS. Very little.

Mr. LENROOT. Will you state what it was?

Mr. ELLIS. I may have received previous to that date a message, perhaps two, but I do not recall any from Mr. Essary.

Mr. LENROOT. Had you any information, correspondence, or information from Connolly as to who Essary was?

Mr. ELLIS. I recall asking Mr. Connolly, after that time, when Mr. Connolly was in New York, who Mr. Essary was.

Mr. LENROOT. When was that?

Mr. ELLIS. Some time after that, maybe 10 days after the 20th of December. Mr. Connolly came to New York for some business or pleasure, and at that time I recall asking Mr. Connolly who Essary was.

Mr. LENROOT. You did not know whether Essary was connected in any way with Connolly & Co. or not at the time you received the message on the 20th of December?

Mr. ELLIS. No; absolutely not.

Mr. LENROOT. Then, Mr. Ellis, you would have the committee understand that you considered the information in this telegram entirely reliable, coming from the man whom you did not know, whom you had never heard of, and did not know his business?

Mr. ELLIS. Well, it came from Connolly. Connolly would not have sent it to Hutton & Co.—

Mr. LENROOT. Did you not say it was from Essary?

Mr. ELLIS. It came over our private wire through Connolly—I assumed it came from Connolly.

Mr. LENROOT. You assumed it came from Connolly?

Mr. ELLIS. It came from that source and over that wire, and therefore I assumed it was reliable.

Mr. LENROOT. You had had, previous to that time, many similar messages from Connolly. Had Mr. Connolly been informing you of public events?

Mr. ELLIS. Oh, yes; Mr. Connolly had wired us from time to time of different current things here that were important.

The CHAIRMAN (to Mr. Lenroot). Right on that point, how did he say that he knew this message was from Essary?

Mr. ELLIS. I do not think I ever made that statement, that I knew it was from Essary. I remember the message. How it was sent I do not know.

The CHAIRMAN. You speak constantly of having received a message from Essary.

Mr. ELLIS. That is on account of the testimony I have heard here, and it may have been signed "Connolly," and then "Essary," or then "Connolly" underneath of "Essary," or in some such way as that.

Mr. LENROOT. I think you stated Saturday it was your recollection.

Mr. ELLIS. That is my recollection, signed "Connolly" or "Essary" or both.

Mr. LENROOT. Now, you said you believed that Wall Street had anticipated and discounted this news before you sent out this message, very largely; that is true, is it not?

Mr. ELLIS. Yes.

Mr. LENROOT. Now, if the records of the Exchange show that upon that day, from 11.45 to 12.45, there were 29,000 shares of steel sold, and from 12.45 to 1.45, 74,000 shares sold, and from 1.45 to closing 146,800 shares sold, would that have any significance to you as to whether use was being made of this information which you had?

Mr. ELLIS. I can not say that it would have. There were a million shares of stock traded in two hours. It was a big day. One day we had 2,000,000 and another day a half a million.

Mr. LENROOT. That is true, but to make that jump in steel, would you not have expected something to occur to account for it?

Mr. ELLIS. We have had two or three million shares a day up there.

Mr. LENROOT. Will you answer my question? On the 20th of December would you not look for some connection——

Mr. ELLIS. What was the volume on that day?

Mr. LENROOT. The volume on that day was, in steel——

Mr. ELLIS. I mean the total volume.

Mr. LENROOT. One million eight hundred thousand, and in steel it was 386,000.

Mr. ELLIS. I would consider that a big day. I think the records of the past three or four months would show that it had been equaled on a number of occasions.

Mr. LENROOT. Well, you would think that a jump from over 74,000 to 146,000 must have been due to some cause?

Mr. ELLIS. I could not say that; no, sir.

Mr. LENROOT. Mr. Ellis, with reference to Mr. Barrett's telegram to Clement, Curtis & Co., saying he may sell the stocks again, to your mind what does that signify?

Mr. ELLIS. It signifies that Mr. Barrett had been advising his individual friends and clients, that is, his business clients, to dispose of their stocks, to sell their stocks. He did not like the market, the

action of the market, and that if they were long on stocks they had bought the day before or the week before, whenever it may have been, he was advising them to sell those stocks.

Mr. LENROOT. It would signify to your mind that something had occurred to change the policy they had been pursuing immediately before it, did it not?

Mr. ELLIS. Mr. Barrett changes his mind so often.

Mr. LENROOT. That was in direct response to a request from Clement & Co. as to what he thought about stocks?

Mr. ELLIS. It would appear so, but knowing Mr. Barrett as I do, and the things he does—he is a pretty active man, with a very active mind, and I have seen him change his position two or three times, perhaps, in a day.

Mr. LENROOT. That is all.

The CHAIRMAN. Mr. Garrett?

Mr. GARRETT. May I have those telegrams, please?

I want to call your attention to the specific wording of a telegram sent by Clement to Barrett, which is No. 1, I believe, in a series presented by Mr. Whipple this morning.

I hear that State Department will issue statement to-day regarding economic conditions, European war, as affecting neutrals, intended to promote peace prospects. What do you think of this, and how are you on stocks?

What significance has that, "How are you on stocks?" to your mind?

Mr. ELLIS. Asking how he looked at the stock market, how he felt on the stock market; what his opinion was on the stock market.

Mr. GARRETT. It would not mean whether he was long or short on stocks, would it?

Mr. ELLIS. No; Clement would never ask us for anything like that, and we would never tell him. It was none of his business.

Mr. GARRETT. The relations between Clement and your firm, or Mr. Barrett personally was not such that he would ask a question of that sort, with the expectation of getting a reply?

Mr. ELLIS. No.

Mr. GARRETT. So it can not have that significance?

Now, Mr. Ellis, was the information which was contained in this telegram to Mr. Barrett from Mr. Clement the first intimation that you had had from any source as to the probable coming of a—well, I won't use the word "intimation," either, because you say you read in the press something—anything that might take the possible character of information?

Mr. ELLIS. To the best of my recollection, it was that.

Mr. GARRETT. Now, is your recollection pretty clear about that?

Mr. ELLIS. It is.

Mr. GARRETT. Are you quite sure you had heard nothing on the day of the 19th in the way of rumor or gossip?

Mr. ELLIS. There may have been rumor or gossip, but I do not recall it.

Mr. GARRETT. Are you quite sure you heard nothing on the day of the 18th?

Mr. ELLIS. I am quite sure.

Mr. GARRETT. There had, I assume, been speculation among gentlemen who were engaged in similar business to yours, as to what might occur?

Mr. ELLIS. Undoubtedly.

Mr. GARRETT. That had been a common thing in every avenue and walk of life? I mean where men had been reading and thinking?

Mr. ELLIS. Yes, sir.

Mr. GARRETT. And there had been speculation among the brokers, and among dealers, I assume, as to what the probable course of this Government might be, and what policy it would take, following the Holwegg speech and the Lloyd George reply?

Mr. ELLIS. Yes, sir.

Mr. GARRETT. I should like particularly for you to search your memory carefully, on this matter, and if you did receive from any source whatsoever, prior to the time that you saw the telegram from Clement to Barrett, which purports to have been sent from Chicago at 11.47 on the 20th day of December, to give this committee the benefit of that information.

Mr. ELLIS. I have absolutely no recollection of having had any information from anybody in that office, or along our wire, or from anybody other than that which I gleaned by the papers, or heard any rumor in New York from fellow members or individuals, and I do not even recall that.

Mr. GARRETT. You do not even recall any rumor?

Mr. ELLIS. No, sir. It is possible that in the course of our daily business somebody may have wired on from San Francisco or some other point along the wires, asking us if we had heard any peace rumors, but I do not recall having heard anything of that kind.

Mr. GARRETT. In other words, you may have?

Mr. ELLIS. Yes; it is possible, likely, probable.

Mr. GARRETT. You are quite sure you heard nothing from Washington?

Mr. ELLIS. Absolutely positive.

Mr. GARRETT. Now, Mr. Ellis, the flash which was sent out by Toomey, according to the testimony that is before us, and that is your information, is it not, that it was sent out by Mr. Toomey?

Mr. ELLIS. By Toomey, yes.

Mr. GARRETT. Did you see that before it was sent out?

Mr. ELLIS. No.

Mr. GARRETT. Did he prepare that upon his own responsibility?

Mr. ELLIS. He did, I believe.

Mr. GARRETT. You had nothing to do with that, so far as you are personally concerned?

Mr. ELLIS. Not a thing to do with it.

Mr. GARRETT. That was based absolutely and alone, was it, upon this message which had been received from Clement?

Mr. ELLIS. Yes.

Mr. GARRETT. At the time that was sent out, nothing had come to you from the Washington office or——

Mr. ELLIS. No.

Mr. GARRETT. Or Connolly's office?

Mr. ELLIS. No, not a word.

Mr. GARRETT. Now, what about the message from Aldrich?

Mr. ELLIS. I never knew there was one until I heard it here to-day.

Mr. GARRETT. You did not receive that?

Mr. ELLIS. Never have seen it. Never heard about it.

Mr. GARRETT. Now, after the receipt of these messages of protest from Mr. Clement against the use of the information which was contained in his confidential telegram, being made the basis of the flash, did you wire Washington?

Mr. ELLIS. Not to my recollection.

Mr. GARRETT. You made no inquiry of your Washington office about the matter?

Mr. ELLIS. No; my telegram was to Toomey.

Mr. GARRETT. Your telegram was to Toomey. Now, what did you inquire of him, please?

Mr. ELLIS. I asked him if any message had gone out.

Mr. GARRETT. He reported to you that the flash had gone out?

Mr. ELLIS. That the flash had gone out; yes.

Mr. GARRETT. Did you ask him upon what that was based?

Mr. ELLIS. I do not recall whether he told me, or whether I saw it, that is, the flash, and I do not recall whether I asked him upon what it was based. I naturally assumed that it had been sent on a message that Clement had sent to our office. I do not recall it.

Mr. GARRETT. Do you know whether or not any member of your firm, or any employee of the firm, following the receipt of these telegrams of protest by Mr. Clement wired to Washington before the receipt of the message signed "Essary," or "Connolly"?

Mr. ELLIS. I have no knowledge of it. I do not think so.

Mr. GARRETT. You issued no instructions to anyone to do so?

Mr. ELLIS. I did not.

Mr. GARRETT. Then, is the committee to understand that this message signed "Essary" or "Connolly," which has been so often referred to here, a voluntary message sent from here, and was not in response to any request from your office?

Mr. ELLIS. I am quite positive it was voluntary. It was not sent by them in response to any request that they may have received, because I do not believe they received any request; quite voluntary on their part.

Mr. GARRETT. Now, if I understand correctly, this message from Washington was the second source of information that you had touching this contemplated move?

Mr. ELLIS. The second wire source; yes.

Mr. GARRETT. The second wire source. What other sources had you other than the wire sources between the two——

Mr. ELLIS. It was current, as I say, in the Street and in the offices that there was to be something coming in the way of a peace message.

Mr. GARRETT. When you use the expression "in the Street," do you mean that literally, or has that a technical meaning?

Mr. ELLIS. I mean in Wall Street—in Wall Street circles.

Mr. GARRETT. In Wall Street circles?

Mr. ELLIS. Yes.

Mr. GARRETT. On the floor of the exchange, perhaps?

Mr. ELLIS. No, I would not say that. I know it was the case in our own office.

Mr. GARRETT. Well, were there any intercommunications between the brokers' houses there in which gossip was exchanged?

Mr. ELLIS. I will explain that. If a rumor of that sort was in our office, one of our men might wire to the floor and ask if there was any rumor of it there, because all wires lead to the floor of the stock

exchange or the cotton exchange, and some member there may have heard it from his office and told somebody else. That is the way it moves around. I do not recall having inquired as to whether there was any rumor on the floor. My memory is that the papers had been talking about something of that kind. I naturally assumed it was a general thing. We had it, and other people had it.

Mr. GARRETT. Well, the papers you say, the papers had been talking about that sort of thing. Now, that had been mere speculation, had it not, in the papers?

Mr. ELLIS. As far as I knew.

Mr. GARRETT. Had you seen anything in the newspapers that purported to be authentic?

Mr. ELLIS. No; everybody expected it.

Mr. GARRETT. When was the first authentic newspaper statement you saw about this matter?

Mr. ELLIS. Well, the first authentic statement—you mean the note itself?

Mr. GARRETT. Yes; the note itself

Mr. ELLIS. Well, the following morning.

Mr. GARRETT. The morning of the 21st?

Mr. ELLIS. The 21st.

Mr. GARRETT. You have the Dowe-Jones ticker service?

Mr. ELLIS. Yes.

Mr. GARRETT. You saw the item which came over the ticker there about 2 o'clock and 3 minutes, I believe it was?

Mr. ELLIS. No; I did not?

Mr. GARRETT. You did not see it?

Mr. ELLIS. No.

Mr. GARRETT. When was your attention first directed to that, do you remember?

Mr. ELLIS. I do not recall it.

Mr. GARRETT. Well, now, Mr. Ellis, is the committee to understand, then, that these two messages—the one from Clement in Chicago and the other from the house of Connolly in Washington—were the only two sources of information that you had touching this matter, other than that gossip and rumor which was going the rounds of the Street that day?

Mr. ELLIS. That is my recollection of it; yes, sir.

Mr. GARRETT. You received nothing subsequent to this telegram?

Mr. ELLIS. Not that I recall.

Mr. GARRETT. From either source, or any other, bearing upon this subject?

Mr. ELLIS. Not that I recall or have any knowledge of it. It is possible something may have come in, but I do not know it.

Mr. GARRETT. Have you any representative of any sort here, a newspaper man?

Mr. ELLIS. No, sir.

Mr. GARRETT. You received no telephone message that day from any source giving you the information touching this matter?

Mr. ELLIS. I think not.

Mr. GARRETT. Other than what you could have heard on the local telephone in the city of New York?

Mr. ELLIS. I do not recall any long-distance message of any kind on that day.

Mr. GARRETT. Well, do you have any representative in the city of Washington at all, in any way?

Mr. ELLIS. No connection whatever but F. A. Connolly.

Mr. GARRETT. None except your connection with F. A. Connolly?

Mr. ELLIS. That covers everything.

Mr. GARRETT. You have no employee here?

Mr. ELLIS. No employee or any other connection whatever.

Mr. GARRETT. Of any kind or character. I should like to inquire just this about your firm. I do not want to go into your private business, except to this degree, and perhaps that may have already been established by Mr. Hutton—I am not sure—but is it a corporation?

Mr. ELLIS. No, no.

Mr. GARRETT. A partnership?

Mr. ELLIS. A partnership, all members of the stock exchange, and all firms are partnerships. There are no corporations.

Mr. GARRETT. And there are five partners in the firm, is that correct?

Mr. ELLIS. In our firm, nine.

Mr. GARRETT. In your firm there are nine partners?

Mr. ELLIS. Yes.

Mr. GARRETT. May I inquire, if you have no objection to stating, is it an equal partnership?

Mr. ELLIS. Equal?

Mr. GARRETT. An equal partnership?

Mr. ELLIS. No.

Mr. GARRETT. There are different——

Mr. ELLIS. All different interests.

Mr. GARRETT. The partners have different interests? They are not all the same?

Mr. ELLIS. Yes.

Mr. GARRETT. I presume each partner is perfectly free, if he desires to do so, to deal upon his own account, is he not, or is there any——

Mr. ELLIS. There is not any agreement to that effect, but it is understood that several of the partners, or those on the floor of the stock exchange, are not to trade for their account, and I have no knowledge that they ever have.

Mr. GARRETT. Well, apparently some of the partners bought. Of course, I do not know who goes on the stock exchange.

Mr. ELLIS. Oh, yes; several of the partners have bought and sold stocks.

Mr. GARRETT. That is not a violation of the——

Mr. ELLIS. Not a bit; no.

Mr. GARRETT (contiquing). Of the rules of the partnership?

Mr. ELLIS. No.

Mr. GARRETT. You have given to this committee, then, Mr. Ellis, once more, because this is the very thing, the crux of the matter, in which we are interested, in my view of it—you have given to this committee frankly and fully a statement of the sources of the information which reached you that day touching this matter?

Mr. ELLIS. I have.

Mr. GARRETT. Without any reservation whatsoever?

Mr. ELLIS. Without any reservation.

Mr. GARRETT. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Bennet?

Mr. BENNET. Mr. Ellis, my name is Bennet. Mr. Patten and I are the two New Yorkers on the committee, and therefore, in a way, we approach this thing from a little bit different angle, and possibly with even a deeper idea of what this may mean. I understood you to say that in your absence you had not kept up with this examination at all?

Mr. ELLIS. Except what I read in the paper, that was published in the Savannah papers. We have a Savannah correspondent, and I had the papers each day there, and read the accounts of the hearing as it went on.

Mr. BENNET. The stock exchange business depends entirely upon the confidence of the public, does it not?

Mr. ELLIS. It does.

Mr. BENNET. And your house has been regarded as a house of reputation and probity?

Mr. ELLIS. We hope so.

Mr. BENNET. It is your intention to keep it that way, is it not?

Mr. ELLIS. Yes.

Mr. BENNET. And therefore you realize that you owe not only a duty to the country, but a duty to the exchange of which you are a member, and to the firm of which you are a partner?

Mr. ELLIS. Yes, that is right.

Mr. BENNET. The picture, as we find it, is this, if you will permit me to put a word or two before I ask a question. Your house, in December, finds itself carrying something like \$45,000,000 of long securities. That is Mr. Hutton's testimony.

Mr. ELLIS. From 25 to 28.

Mr. BENNET. He borrowed \$28,000,000 from the bank?

Mr. ELLIS. Yes.

Mr. BENNET. And Mr. Hutton testified that the sum total of the long accounts that you were carrying in your office, including curb stocks, and things of that sort, was a total somewhere around \$45,000,000?

Mr. ELLIS. He evidently went over the record, and made this statement from the record, whatever it was.

Mr. BENNET. That is his testimony. You have no doubt that is correct?

Mr. ELLIS. I am quite convinced it is.

Mr. BENNET. That is what they call in Wall Street being extended, is it not?

Mr. ELLIS. Yes, sir.

Mr. BENNET. There was very little short interest, either in your house or in the Street?

Mr. ELLIS. That is practically correct.

Mr. BENNET. Practically everybody was extended?

Mr. ELLIS. Yes, sir; everybody.

Mr. BENNET. And his testimony was that about the 4th——

Mr. ELLIS. Pardon me just a minute. Every wire house.

Mr. BENNET. Every wire house. I thank you for the correction. And it is, of course, a more serious matter for a wire house to be extended than a house which has not those connections, because it is more difficult to get margins from customers quickly?

Mr. ELLIS. It is; yes.

Mr. BENNET. He also testified that about the 4th of December he had some difficulty with a loan of \$250,000 based entirely upon industrials. I do not know whether you know about that, or not.

Mr. ELLIS. I do not recall that loan.

Mr. BENNET. And that thereafter your house commenced a constant campaign to get your customers and your branches to sell. You remember that?

Mr. ELLIS. I remember very distinctly.

Mr. BENNET. You probably saw his weekly letter of the 18th in which he alluded to the possibility of a war, and almost insisted that the customers of your house get out of the market.

Mr. ELLIS. I passed on that letter.

Mr. BENNET. He showed that to you before he sent it out?

Mr. ELLIS. He did.

Mr. BENNET. I think he so testified. The only thing which I imagine which you most greatly dreaded, if I can use that word, not only you, but every wire house in New York, was, with the absence of very much short interest in the market, a general, sudden decline affecting the entire market?

Mr. ELLIS. We all dreaded that?

Mr. BENNET. And there was a possibility of it?

Mr. ELLIS. A very good possibility of it.

Mr. BENNET. To use Mr. Pliny Fisk's expression, one single depressing factor might have sent the whole list tumbling?

Mr. ELLIS. Quite right.

Mr. BENNET. And if the whole list tumbled, the result would have been extremely disastrous to your customers, and if the tumble had gone far enough, it might have affected even your firm?

Mr. ELLIS. Quite right. I started——

Mr. BENNET. You have answered the question.

Mr. ELLIS. All right.

Mr. BENNET. If such a tumble as that came in the market, and you could have got your customers fairly well located prior to the tumble, it would have been a very advantageous thing for Hutton & Co., would it not?

Mr. ELLIS. As a matter of fact, we did; yes.

Mr. BENNET. That was your endeavor for more than a month?

Mr. ELLIS. That was my judgment from the first part of November.

Mr. BENNET. To get your customers out.

Mr. ELLIS. To get them out.

Mr. BENNET. And you used every effort to do it?

Mr. ELLIS. Even went so far as to put limits—what they could do.

Mr. BENNET. Yes; we have got that in the evidence. Now, does it occur to you as a reasonable man that when you sent out this protest to this telegram, which you say was based on the Washington dispatch, you were in exact line with that protest, and had been using the very best method to get your customers out, without bringing on a general decline?

Mr. ELLIS. Yes, sir.

Mr. BENNET. That is, your people in your 45 branches—I think it is 45.

Mr. ELLIS. Yes, sir.

Mr. BENNET. Forty-five correspondents had the right to advise their customers urgently to sell, but you had interdicted them from giving the information to the newspapers, or anyone outside of your connections?

Mr. ELLIS. Yes, sir.

Mr. BENNET. I do not know whether you know that it is a fact that the only other instance that was brought to the attention of this committee, where men were advised to sell, was because the information was sent out through this telegram.

Mr. ELLIS. I do not know that.

Mr. BENNET. If that was so, your efforts to that extent were not successful.

Mr. ELLIS. No.

Mr. POU. Those were the only two that did what?

Mr. BENNET. The only two that have been brought to the attention of our committee, that as the result of this advance information——

Mr. POU. That acted upon it?

Mr. BENNET. Yes. Now, I do not suppose it has been brought to your attention that every witness not connected with Hutton & Co, who has gone on the stand, has sworn that there was no intimation of this peace note in the market on the morning of December 20?

Mr. ELLIS. I do not know what is their testimony here.

Mr. BENNET. You know what the Wall Street Journal is?

Mr. ELLIS. Very well, sir.

Mr. BENNET. That is, frankly, in addition to being a purveyor of facts, repository of rumor, is it not?

Mr. ELLIS. Yes, sir.

Mr. BENNET. You know it has two editions, a morning and evening edition?

Mr. ELLIS. The paper, yes.

Mr. BENNET. Then, do you know that its leading article of the morning edition was headed: "No peace in sight"?

Mr. ELLIS. I did not know. I do not read the paper. I read their bulletins.

Mr. BENNET. Well, their paper is more or less extensively read in Wall Street, is it not?

Mr. ELLIS. Oh, yes.

Mr. BENNET. And it is generally looked upon as the up-to-date vehicle for street rumor?

Mr. ELLIS. Yes, sir.

Mr. BENNET. Did you know that their evening edition contained this information: "The President will not issue any peace manifesto in the near future, nor does he contemplate any move at this time. He is watching developments closely, but will not make any move that will be misconstrued. He is waiting for a formal reply from the allies and the attitude of Germany toward that reply"?

Mr. ELLIS. The first I ever heard of it is from you.

Mr. BENNET. That rather contradicts the impression that there was a general rumor in the Street at the time their evening edition went on the street. Do you not think that if there had been a general rumor they would have heard it?

Mr. ELLIS. I think so; yes.

Mr. BENNET. Had you at that time read the President's note dated December 18, which was made public on the morning of December 21?

Mr. ELLIS. Have I read it? .

Mr. BENNET. Yes.

Mr. ELLIS. I can not say I read it in detail; no; but——

Mr. BENNET. Did you know that an employee of your house—I have forgotten his name—who handled this telegram of yours describing the President's note in substance read the President's note on the 21st of December, and when on the stand he read the President's note he made a mental congratulation of the firm and its activities in giving accurate business information?

Mr. ELLIS. I never heard that; no, sir.

Mr. BENNET. Do you know that no man could take the President's note of December 18 and give a better description of it in two sentences than you gave on the day before it was made public?

Mr. ELLIS. I have never made a comparison of it.

Mr. BENNET. You spoke about codes. It is a fact, is it not, that there are two kinds of codes, I mean two general types?

Mr. ELLIS. Yes.

Mr. BENNET. When you allude to the Western Union code, and things of that sort, those are codes that anyone can get, and when you use those codes it is not for the purpose of secrecy, but it is for the purpose of condensing the message and saving money, is it not?

Mr. ELLIS. Yes.

Mr. BENNET. There is, however, another kind of code with which most of us have had more or less to do, which we believe is hard to decipher, except by the one who has the key, is it not?

Mr. ELLIS. Yes.

Mr. BENNET. And that is the kind of code you can use with your private wire, is it not?

Mr. ELLIS. Yes.

Mr. BENNET. You have codes of that kind?

Mr. ELLIS. We do.

Mr. BENNET. Stretching over your various wires?

Mr. ELLIS. Mr. McKee is the one who has charge over our wire.

Mr. BENNET. Of course, when a man gets a message in code, if he has got a code, the very fact that it is in code makes it rather difficult to decipher hurriedly, does it not?

Mr. ELLIS. Yes. Our code is simple, though.

Mr. BENNET. Well, a code, of course, is an essentially different thing from a plain message?

Mr. ELLIS. Very different.

Mr. BENNET. And a man reading it hastily might come to one meaning, and after reading it a little bit more carefully might see he had made a slight error?

Mr. ELLIS. He would have to be very careful; yes.

Mr. BENNET. Now, this message which you gave to your wire room, I see you changed in at least two important particulars after you first wrote it. You first wrote the words, "will be," and then struck them out and inserted the words, "has been." That was a very important change.

Mr. ELLIS. Yes.

Mr. WHIPPLE. Mr. Ellis, the stenographer does not get anything, unless you speak.

Mr. ELLIS. He did not finish. I have been checked here so many times answering a question before it was finished.

Mr. BENNET. You are right. That was a very important change. Why did you make it?

Mr. ELLIS. I can not recall, unless it was that when I wrote the message in a quick way, and compared it with the other message and made a change then, because of what the other message said. That is the only reason I have.

Mr. BENNET. Mr. Ellis, if a man was copying from a plain message that lay before him and the words "has been" were in there, there is not any reason that one can see of hurriedly why he should copy those words "will be," is there?

Mr. ELLIS. We were doing everything in a hurry that day. I do not recall. I have not any reason for it. That is my supposition that I did that; that is all.

Mr. BENNET. Then, I also notice that after you had written it, "highly important message will be," you not only struck out "will be" and inserted "has been," but you inserted the words, "to all belligerents and neutrals." Now, if that was in the original message, you would not have had any difficulty in reading it, would you?

Mr. ELLIS. If we go through a message, we would try to eliminate, to save wire space, and that is the only reason I could give for having left it out and putting it in in that particular way.

Mr. BENNET. You realized, however, that if this had come to you, not a plain message from either Connolly or Essary, but a code message from some one in Washington, that the fact that the words were stricken out, and words of almost the opposite meaning were put in, would be more apt to occur in deciphering a code message than in a plain message, would it not?

Mr. ELLIS. I can not understand that very readily.

Mr. BENNET. So that, taken with your intimation that that confidential message would be conveyed by a code, rather does raise a question in the mind of the committee?

Mr. ELLIS. Well, I will not say.

Mr. BENNET. Leaving these facts out of the question for a minute.

Mr. ELLIS. In answer to that, we never had a code with Connolly.

Mr. BENNET. You say you have not with Connolly?

Mr. ELLIS. No one now in Washington.

Mr. BENNET. Do you know that Mr. Connolly, when he went on the stand, swore that he wrote this message?

Mr. ELLIS. I do not know that he swore to it.

Mr. BENNET. Do you know that he reconstructed the message in the presence of the committee?

Mr. ELLIS. I understood the other day from the other witness on the stand that Connolly had sent a message similar to that, after that—something of that kind.

Mr. BENNET. Do you know that when he wrote the message he could not even spell the word "neutral"?

Mr. ELLIS. No; I do not know it.

Mr. BENNET. You testified to-day that Connolly had been in the habit of sending you news right along, did you not?

Mr. ELLIS. Yes.

Mr. BENNET. You meant that for an accurate statement?

Mr. ELLIS. Yes. It was sometimes once a day, sometimes two or three times a day; generally regularly.

Mr. BENNET. It was prior to the 20th of December just the same as since?

Mr. ELLIS. Oh, yes; a daily occurrence; a part of our business.

Mr. BENNET. Whenever he saw anything that was important to send to you?

Mr. ELLIS. Yes, sir.

Mr. BENNET. Do you know that Connolly went on the stand and said that he never had sent your firm a message before in his life which had contained any news?

Mr. ELLIS. No news?

Mr. BENNET. That was the first news of any character that he had ever sent your firm?

Mr. ELLIS. I received messages from Connolly. Did he say important news?

Mr. BENNET. News, he said, so that if I am reading his testimony correctly, the testimony which Mr. Connolly gave was not true?

Mr. ELLIS. I am quite sure I have had several telegrams from Connolly, signed Connolly—whether they were signed that way by his telegrapher or not, I could not tell you.

Mr. BENNET. You swore this afternoon, and have now sworn twice, that it was a matter of daily occurrence?

Mr. ELLIS. We have messages from Connolly, yes; signed by Connolly, F. A., which is his signature.

Mr. BENNET. He says he never sent you a news message.

Mr. ELLIS. They came from his office. I do not know whether he actually sent them himself, but I know I received them. They have come from Connolly & Co., or Connolly.

Mr. BENNET. Because of these contradictions, you will possibly bear with me for a moment or two. How long have you been connected with this firm?

Mr. ELLIS. The Hutton firm?

Mr. BENNET. Yes.

Mr. ELLIS. Since 1903.

Mr. BENNET. What was your business before you went into Wall Street?

Mr. ELLIS. I was in the investment business.

Mr. BENNET. In Wall Street?

Mr. ELLIS. In Wall Street; yes, sir.

Mr. BENNET. With whom?

Mr. ELLIS. The firm of Harrington & Ellis, of which I was a partner.

Mr. BENNET. Is that your whole business experience?

Mr. ELLIS. No; I was in a previous business.

Mr. BENNET. With whom?

Mr. ELLIS. With the Hudson River Lighterage Co., of which I am a stockholder.

Mr. BENNET. You are not a native of New York?

Mr. ELLIS. A native? I was born in Newark.

Mr. BENNET. That is almost New York.

Mr. ELLIS. Pretty close.

Mr. BENNET. Have you a college education?

Mr. ELLIS. No; I started my career in 1892 or 1893.

Mr. BENNET. So your sole business has been first with the Lighterage Co.?

Mr. ELLIS. No; that was previous to my going into the bond business. Previous to the Lighterage Co. I was in the bonding business; previous to that I was with a house of wholesale importers of coffee, in lower Wall Street.

Mr. BENNET. Then you started in the mercantile business, went from that into the lighterage business, and from that into the bond investment business, and from that into the firm of Hutton & Co.?

Mr. ELLIS. Yes, sir.

Mr. BENNET. With no especial classical education?

Mr. ELLIS. No.

Mr. BENNET. No training in diplomatic affairs, or anything of that kind?

Mr. ELLIS. No.

Mr. BENNET. If the message had come to you over the telephone, there would have been more opportunity for error than if you had copied it off a plain message?

Mr. ELLIS. By telephone?

Mr. BENNET. Yes.

Mr. ELLIS. Oh, yes.

Mr. BENNET. In taking it down, off the receiver, you might very well have first written "will be," and on correction would have struck that out and put in "has been," and also if the man who was talking to you over the telephone might at first have forgotten to say that it was to be sent to all belligerents and neutrals, then included that information?

Mr. ELLIS. That is possible.

Mr. BENNET. You are proceeding purely on a hypothesis?

Mr. ELLIS. Yes.

Mr. BENNET. Secretary Lansing's statement or note came without any warning, did it not?

Mr. ELLIS. Without any warning.

Mr. BENNET. So that the firm which was fortunate enough to give advance information as to anything which might affect the market, either injuriously or beneficially, is a fortunate firm?

Mr. ELLIS. It is a fortunate firm.

Mr. BENNET. And where it is a wire house like yours, it is not necessary for it to sell for its own account to make a profit. If they can either get their customers into the market or out of it, they can make money out of it without dealing on their own account.

Mr. ELLIS. That is what we are there for; to help our business.

Mr. BENNET. So that, even if your books show that you did not even buy a share of stock, the fact that this information was sent to your customers was of great value, was it not?

Mr. ELLIS. It was.

Mr. BENNET. It gave them a chance?

Mr. ELLIS. It gave them an opportunity.

Mr. BENNET. To do what you had been precisely urging them to do for a month?

Mr. ELLIS. Yes.

Mr. BENNET. It was a good deal as if you had told them: "I told you so?"

Mr. ELLIS. If they wanted to connect it up, yes.

Mr. BENNET. And if they had acted upon this message, your customers would have saved hundreds of thousands of dollars, would they not?

Mr. ELLIS. They undoubtedly would.

Mr. BENNET. Because it is in the testimony that your correspondents had to send you a good deal of money after the drop came on the 21st?

Mr. ELLIS. It may be.

Mr. BENNET. I will ask you a rather personal question, not to yourself—two personal questions. What members of your firm are expected not to personally trade on the Stock Exchange?

Mr. ELLIS. Mr. R. E. Mulcahy. He is our western partner. And Mr. Wagstaff.

Mr. BENNET. Where is he?

Mr. ELLIS. He is in Georgia at the present time. He is one of our floormen. Mr. Morgan, who is the other floorman.

Mr. BENNET. Those three men?

Mr. ELLIS. Those three men.

Mr. BENNET. Any others?

Mr. ELLIS. No. There is no agreement or arrangement. They would be at liberty to buy or sell securities for their accounts, but we do not expect them to, that is all. We ask them not to.

Mr. BENNET. If they did sell securities, some of the other partners would probably ask them why they had done it?

Mr. ELLIS. Yes.

Mr. BENNET. Now, the other rather personal question. Has any of your nine partners ever had trouble with the Stock Exchange?

Mr. ELLIS. Any trouble?

Mr. BENNET. Charges or anything of that sort?

Mr. ELLIS. Why, back several years ago Mr. Barrett, before he was a member of our firm, was employed by us, and had been with us for several years, with the understanding that when the time came, and he had enough age on him and could qualify, he would be offered a partnership, but prior to his being made a partner, we employed him on a salary. We went before the committee of the Stock Exchange and explained Mr. Barrett's connection, and we employed him on a salary, a stated salary, and we were informed by the Stock Exchange that that was a violation of their commission rule; that it was not our privilege to employ anybody on a salary, based on any business that he might seek or procure for the firm of Hutton & Co. On our own voluntary statement, the New York Stock Exchange committee placed that matter before the governors, and the firm of E. F. Hutton & Co. was suspended for a year. I think that after four months we were reinstated unanimously by the Board of Governors of the Stock Exchange.

Mr. BENNET. What year was that?

Mr. ELLIS. Well, I do not know, frankly. It has been five or six years ago; seven years ago.

Mr. BENNET. What was there so particularly venal or penal in employing a man who was not a Stock Exchange member to get business?

Mr. ELLIS. That is their rule, and we did not know that it was the rule, did not know that we were violating any rule of the Exchange.

Mr. BENNET. Was he a member of the exchange?

Mr. ELLIS. Oh, no, no, no; he was employed by us on a salary.

Mr. BENNET. What they did, of course, was to suspend the exchange members?

Mr. ELLIS. Yes.

Mr. BENNET. Can you not throw any greater light on that. As you stated, it does not seem to me to be a very serious offense.

Mr. ELLIS. It is very serious with them. Any violation of any of their rules is a very serious matter, with any member of the exchange, and we were suspended, and that was the occasion for it, the reason for it.

Mr. BENNET. Well, do you mean to testify that you can not employ a man on a salary to solicit business for a brokerage firm?

Mr. ELLIS. I mean to testify to just that.

Mr. BENNET. And for doing that, not knowing that it was a violation of the rules, all of your stock exchange members were suspended for a year?

Mr. ELLIS. We only had one at that time.

Mr. BENNET. Who was he?

Mr. ELLIS. I could not say whether it was Mr. W. D. Hutton, who was a member of the firm at that time, or Mr. Franklin L. Hutton.

Mr. BENNET. Was it any one who is now a member of your firm?

Mr. ELLIS. Yes; Mr. Franklin L. Hutton is now a member of the firm?

Mr. BENNET. And at the end of four months you were reinstated?

Mr. ELLIS. Yes.

Mr. BENNET. That is all.

Mr. CHIPERFIELD. Now, Mr. Stenographer, will you read the question and answer that I asked you to mark a while ago?

(The stenographer read as follows:)

Mr. GARRETT. What other sources have you other than the wire sources between the two?

Mr. ELLIS. It was current, as I say, in the Street and in the offices, that there was to be something coming in the way of a peace message.

Mr. CHIPERFIELD. Calling your attention to the answer which you made to the question propounded by some other gentleman of the committee, when was it current in the Street that some peace message was coming?

Mr. ELLIS. On the 20th day of December, about midday.

Mr. CHIPERFIELD. If I understood you correctly, Mr. Ellis, you said that the information contained in the messages from Washington and from Chicago had been discounted, because there were rumors in the Street that a peace message was coming?

Mr. ELLIS. That was my opinion of the market. I could not say that they had been discounted. That is my idea of it.

Mr. CHIPERFIELD. How long had that rumor been prevalent in the Street that this note was coming?

Mr. ELLIS. I do not know. I know we had it before the hour was over, on the wire, at 11 or 12, whatever it was.

Mr. CHIPERFIELD. Then, was your first information—and there may be some density on the part of anyone who asks that question

after the questions and answers you have given—but in view of that answer, I did not understand whether your first information came over the wires or from rumors that you heard in the Street. From which source did it come?

Mr. ELLIS. My first information came from the wire—the Chicago wire.

Mr. CHIPERFIELD. And up to that time had you heard anything of a rumor in the Street of a peace note?

Mr. ELLIS. No, sir.

Mr. CHIPERFIELD. Then I do not care to pursue that any further. So the information you did receive came first, you say, from Chicago?

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. And it was followed speedily by a message from Essary?

Mr. ELLIS. I would not say speedily; some time after that.

Mr. CHIPERFIELD. Well, within a very few minutes, was it not?

Mr. ELLIS. It may have been half an hour.

Mr. CHIPERFIELD. Yes; that is what I have in mind by "speedily."

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. And then it was again followed by further information from Connolly?

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. So, from the south and the west information was fairly showering upon you as to what——

Mr. ELLIS. No; I did not say that.

Mr. CHIPERFIELD (continuing). As to what the President was going to do?

Mr. ELLIS. No.

Mr. CHIPERFIELD. You did not?

Mr. ELLIS. No.

Mr. CHIPERFIELD. You had that forecast of the action that the President was going to take?

Mr. ELLIS. I assume that we had it. Other people had it.

Mr. CHIPERFIELD. I am not questioning that. I have no doubt as to the correctness of your statement. I think it was scattered over the hemisphere, but it was coming to you from the west, and it was coming from the south?

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. And was a substantial accurate forecast of what this note was going to contain, when finally the public was taken into the confidence of the press—that is true, is it not?

Mr. ELLIS. It was an accurate forecast, yes.

Mr. CHIPERFIELD. Now, in the light of what has happened, we can say that it was a somewhat substantial forecast?

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. It was a fairly accurate forecast of what the message was going to contain, and that you had many hours in advance of the general public?

Mr. ELLIS. Yes, sir.

Mr. CHIPERFIELD. Now, counsel and members of the committee have made inquiry, more or less directly, whether or not if you had sold these shares of stock at one point advance, et cetera, whether or not you would have cleaned up a good deal of money? Now, I want to put the question to you flatly: Did the firm of Hutton & Co. in

trading, directly or indirectly, through its house, or any other house, no matter wheresoever located, make any money growing out of this situation in the Street, and the decline and subsequent advance of prices, except the money it would make for commissions in the handling of the trades?

Mr. ELLIS. Not one single, solitary dollar.

Mr. CHIPERFIELD. So that there may be no misunderstanding, you fully understand the import of the question I asked you?

Mr. ELLIS. I do.

Mr. CHIPERFIELD. Whether or not they, by themselves, or anyone else, in trading on this market, in any way made any money on the news that they had, except the matter of commissions?

Mr. ELLIS. That is my answer, that the firm of E. F. Hutton & Co. did not make one single, solitary dollar that I know of, as the result, other than the commissions that they received from the customers who forwarded their business to them to be executed.

Mr. CHIPERFIELD. Did the partners of the firm individually trade in any such way that the firm itself profited as the result of that market situation and the information which you had?

Mr. ELLIS. It did not. They did not.

Mr. CHIPERFIELD. I want to ask you a question showing your interest in this matter, and I submit it to you whether or not you care to answer. Was the trading in the way of commissions by Hutton & Co. during, say, the days from the 10th of December until the end of the month, a highly profitable business?

Mr. ELLIS. It was; yes.

Mr. CHIPERFIELD. I do not know what the view of the committee will be on this question, but I propound it to you. What were the commissions and the profits which Hutton & Co. obtained during those 20 days? The question is awkwardly put. In other words, about how much did those commissions amount to, coming to Hutton & Co.?

Mr. ELLIS. Well, I know approximately what our earning power was during December.

Mr. CHIPERFIELD. That will cover all the information.

Mr. ELLIS. For the 10 days which you specify, as applied to the 31 days in the month, that would be one-third of our profits, and I would say, in round figures, \$35,000 or \$40,000.

Mr. CHIPERFIELD. Would not the business transacted by Hutton & Co. during the month of December from the 10th to 20th be really out of proportion, considering the liveliness of the market—out of proportion to the balance of the month?

Mr. ELLIS. I would think so, because during the latter part of the month we also had the holiday season.

Mr. CHIPERFIELD. About what would you say that situation from the 10th to the 20th was worth to Hutton & Co. in the way of commissions received?

Mr. ELLIS. Well, we will make it \$50,000 net.

Mr. CHIPERFIELD. It is not a question of what we can make it.

Mr. ELLIS. I am averaging it out now in my own mind.

Mr. CHIPERFIELD. Is that now your best opinion?

Mr. ELLIS. That would be my guess, yes.

Mr. CHIPERFIELD. And for the business that you handled that was substantially the receipts of the firm for that period?

Mr. ELLIS. The net receipts, yes.

Mr. CHIPERFIELD. The net receipts?

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. Does that take into consideration every item of receipts, such as interest which you obtained on various accounts? Does it cover the whole thing?

Mr. ELLIS. It covers the whole thing; yes, sir.

Mr. CHIPERFIELD. And for that, as I understand, to finance and handle the situation, involved some \$28,000,000 of loans?

Mr. ELLIS. Yes, sir. I hope I do not have to do it again.

Mr. CHIPERFIELD. If it puts the whole bunch in the hospital, I hope so too. The news that you received from Washington, you understood at the time you received it, did you not, was what, if you and I were speaking to each other, not here, we would call inside information. You understand that, do you not?

Mr. ELLIS. Yes; that would be designated by that phrase.

Mr. CHIPERFIELD. Let me ask you this. Perhaps it does not bear very clearly on the question, but still I would like your view of it, and I do not mean to reflect on your standing in any way when I ask you the question. Do you consider it, Mr. Ellis, ethical and proper that men at the seat of government here shall, by unusual activity, or in other way, obtain the secrets of the Government upon questions that affect the safety of the nation and the welfare of the world and trade upon that advance information for commercial gain?

Mr. ELLIS. I do not believe I would have sent that message out, Mr. Chipersfield, had I thought that it was a message that was directed to me, and that other people had no knowledge of. I do not believe I would have used it. It could not have meant any personal gain to me. I am not a speculator. I am a commission broker, and for the sake of the few dollars it might have brought in to me in the way of commissions, I do not think it would have gone out.

Mr. CHIPERFIELD. But in order that I may not be accusing you by this, or putting you in an unfair position, do I understand that if you had known that it was touching sensitive parts of our governmental affairs, that you would not have used it?

Mr. ELLIS. I would not have used it in that language. I may have said there was something coming in the way of a peace note—something of that sort—in a general kind of way.

Mr. CHIPERFIELD. When you made your connection with Connolly & Co., was a part of that connection for the purpose of obtaining information?

Mr. ELLIS. No.

Mr. CHIPERFIELD. Go ahead and qualify your answer, if you wish to.

Mr. ELLIS. We had an office in Washington some five or six years ago for two or three years. I opened that office and conducted it for two or three years, and came here occasionally, monthly, perhaps, and then discontinued it. When things got quiet, and it was not making any money, we closed it up. When the activity came along a year ago, Mr. Connolly came to New York, as I recall it, and wanted to make a connection with us, and open a branch office. I told Connolly we had all the branch offices we wanted, but I think I suggested to him that if he could do what he seemed to think he could do, it would be more to his advantage to open for himself and interest

some of his friends with him, and start a partnership, because the city of Washington had grown very considerably in the last few years, and I thought it was a very good opportunity for him to start a successful brokerage business, and as the result of that advice he later left John L. Edwards & Co., by whom he was employed, and opened his own house, and no thought of any information ever came to my mind when I discussed the situation with Connolly.

Mr. CHIPERFIELD. But following the appointing him as your correspondent, if that be a correct term to use——

Mr. ELLIS. That is correct, yes.

Mr. CHIPERFIELD. He commenced to send you information?

Mr. ELLIS. Well, I do not recall any information that he sent us, except it was general that if somebody got anything that we could base any market opinions on, he would advise us of it. He would advise us of something that was current here, that he had heard, and send it along on the wire.

Mr. CHIPERFIELD. Mr. Ellis, I do not mean to flatter you at all, but without any kind of question, you are a highly intelligent man, so far as the events of the day are concerned. There can be no question about that. In your business those things that are of general circulation you would get from the papers, you would get from the ordinary sources of information, would you not?

Mr. ELLIS. News tickers and papers.

Mr. CHIPERFIELD. You keep in touch with those things? It is a part of your life?

Mr. ELLIS. A part of our business.

Mr. CHIPERFIELD. And your very business existence depends on being in touch with the matters of general interest?

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. Particularly those that affect the prices. You do not have to have Connolly to get that, do you?

Mr. ELLIS. No.

Mr. CHIPERFIELD. Why, then, did he send in from time to time these statements, if they were only current matters?

Mr. ELLIS. I do not know. It is on our wire system. If anything happens in New York, it is given to Chicago; we wire them.

Mr. CHIPERFIELD. Is it part of the stage setting of a broker's office?

Mr. ELLIS. It is a customary thing to wire that out.

Mr. CHIPERFIELD. You are not doing it for exercise or amusement?

Mr. ELLIS. No; but we expect our man in Washington, if he has any news in Washington that we do not have in New York, to send it to us, and if we have news in New York that is of interest to his people, we send it to them. There might be something before Congress, or some legislation proposed, regarding the taxation of sugar or some other thing of that sort, and if it happens to come to him he sends it along to New York and we put it on the wire. It is of interest to everybody from here to California.

Mr. CHIPERFIELD. Why do you get it from him instead of the papers in this instance?

Mr. ELLIS. In this instance?

Mr. CHIPERFIELD. I do not mean now, touching this particular matter, but why do you get Washington matters from Connolly? He is not equipped for news gathering?

Mr. ELLIS. Because we have a private wire here.

Mr. CHIPERFIELD. You take what comes?

Mr. ELLIS. We take what comes. That is our business. We are there, with headquarters in New York, with a wire system, to pump all news, or anything like that, throughout this country.

Mr. CHIPERFIELD. Let me ask you another question, which is a little more frank than anything I have asked you. You keep pumping it out on the wire for the purpose of——

Mr. ELLIS. Keeping people advised.

Mr. CHIPERFIELD. Is it not to keep people stimulated?

Mr. ELLIS. Well, it is just how you construe it.

Mr. CHIPERFIELD. No; I do not construe it. Is not that news sent out over the country for the purpose of stimulating people, because the more stimulation the people get the more people trade and the more profit it is for those engaged in the business; is that true?

Mr. ELLIS. That is true to a very considerable extent. There is no doubt about that. There are other reasons for it. We have been in California a good many years. Previous to our going out there there was not any direct wire communication. We advise those banks as to what the conditions are in the money market and we give them rates of exchange, and San Francisco wires us how much coal and how much cotton has been received and shipped to Japan, and all that sort of thing, that is of interest to you.

Mr. CHIPERFIELD. Not to me, indeed. It works in very nicely, does it not, to stimulate interest of the different people around in brokers' offices?

Mr. ELLIS. It is quicker than railroads and faster than public wires, so the banks there are very glad to have the service.

Mr. CHIPERFIELD. As a matter of fact, during your many years of experience in this business, have you not been sometimes surprised at the inconsequential change that affect markets?

Mr. ELLIS. Yes.

Mr. CHIPERFIELD. Not following that any further, I will ask you one more question: Did Hutton at any time see these telegrams and the information from Clement, the protest or the flash, and the wires that were sent out upon that day, which have been put in evidence here?

Mr. ELLIS. I do not know that he did. I hardly think so.

Mr. CHIPERFIELD. At any time?

Mr. ELLIS. He may have, and may have not. He may have seen some of them.

Mr. CHIPERFIELD. At any time?

Mr. ELLIS. I do not recall my showing them to him, if that is what you mean.

Mr. CHIPERFIELD. Do you think it conceivable, and I want your notion about it, because to some extent it may enlighten the committee in the estimate which it would finally make concerning Mr. Hutton. Is it conceivable to you that Mr. Hutton could have gone upon the witness stand in the city of New York the other day, and produced those telegrams, and not have under his control the other information which counsel has obtained by way of Chicago?

Mr. ELLIS. Yes; I do not think that Hutton had it; I do not think he knew that it existed.

Mr. CHIPERFIELD. You do not?

Mr. ELLIS. No. Hutton is—I feel quite positive of this. I know that our office is open to this committee.

Mr. CHIPERFIELD. It was not open to this committee.

Mr. ELLIS. They can go there and look at anything they want, so long as they keep our business in confidence.

Mr. CHIPERFIELD. It was not open to the extent of furnishing this information, and Mr. Hutton made the statement in New York City that those telegrams were the telegrams upon which that action was taken.

Mr. ELLIS. What information?

Mr. CHIPERFIELD. The various telegrams given you. What was the other broker's name? Aldrich, Clement Curtis & Co.?

Mr. ELLIS. I did not see that Aldrich telegram until I came in here to-day. Whether he had it I could not say. I do not know, but I am dead sure that Hutton did not know it, because that is my personal duty up there. Those things come to me.

Mr. CHIPERFIELD. You think, then, that this information, instead of coming from Hutton & Co., where it properly existed, had to come from Chicago to this committee?

Mr. ELLIS. That is our telltale from this.

Mr. CHIPERFIELD. I think that is all.

Mr. ELLIS. I am only sorry that we have not had one of the southern wires.

Mr. CHIPERFIELD. They are not expensive, are they?

Mr. ELLIS. I ordered one last September, and I have not been able to get one yet. I guess they have to be made to order. We would have been glad to have it on many occasions.

The CHAIRMAN. Mr. Whipple, are you through with the witness?

Mr. WHIPPLE. Yes, except in connection with the stock exchange sheet. I am not quite sure to what extent they were before the committee in connection with the transaction on steel. If they are, I do not want again to put them in; but if they are not, I should like to have them considered by the committee, and in any event there are one or two questions I would like to ask in that connection.

The CHAIRMAN. While you were out, I believe, Mr. Lenroot asked some questions.

Mr. WHIPPLE. I want to direct your attention for a moment to some prices here. Is this a sheet issued by the exchange, which shows the transactions between 10 and 12 o'clock of Wednesday, the 20th [handing paper to witness]?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. Steel opened at what figure?

Mr. ELLIS. Steel opened at—here are 15,000 shares at 112 to 112½.

Mr. WHIPPLE. From 112 to 112½?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Now, will you touch the high points and the low points right down there for the first two hours?

Mr. ELLIS. The low point seems to be 110½.

Mr. WHIPPLE. And when was that reached?

Mr. ELLIS. I do not know. Some time between 10 and 12.

Mr. WHIPPLE. Some time between 10 and 12 o'clock?

Mr. ELLIS. Yes.

Mr. WHIPPLE. What was it at the close—at 12 o'clock?

Mr. ELLIS. At 12 o'clock the last sale was at 112—just where it opened.

Mr. WHIPPLE. Would you not call that a pretty good market to liquidate on, during those two hours; that is, to sell your long stock on? It showed strength, did it not?

Mr. ELLIS. Yes.

Mr. WHIPPLE. The prices were gradually increasing on the whole?

Mr. ELLIS. No; I do not think so. It opened at 112 to 112½ and sold up to 113 and down to 110½.

Mr. WHIPPLE. And then, by 12 o'clock it had gotten back to 112?

Mr. ELLIS. Yes.

Mr. WHIPPLE. So that was a pretty fairly strong market all during the forenoon, was it not?

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. To liquidate on?

Mr. ELLIS. I would not call it "strong," but reasonably firm."

Mr. WHIPPLE. It was pretty well sustained?

Mr. ELLIS. Yes.

Mr. WHIPPLE. And along between 11 and 12 o'clock it was increasing in strength, was it not?

Mr. ELLIS. Between 11 and 12?

Mr. WHIPPLE. Yes.

Mr. ELLIS. Of course, it was. That is what the paper says.

Mr. WHIPPLE. Yes. It had gone down and then it came up again?

Mr. ELLIS. Yes; that is what it is doing all the time.

Mr. WHIPPLE. No; sometimes they go down very fast on particular announcements. They are not all the time going up and down.

Mr. ELLIS. They come back very quickly, too.

Mr. WHIPPLE. That is true; but that was a good strong market to liquidate on that forenoon, was it not?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Take it from 12 to 2, what did it open at? What was it at 12?

Mr. ELLIS. 112½.

Mr. WHIPPLE. And how did the market run then?

Mr. ELLIS. It ran along to 109¾.

Mr. WHIPPLE. At what time?

Mr. ELLIS. Two o'clock.

Mr. WHIPPLE. Well, what was it about midway between?

Mr. ELLIS. 110½.

Mr. WHIPPLE. 110½?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Now, taking this telegram from Barrett at 11.53, Chicago, which means 12.53, or about 1 o'clock, when he says: "I am selling stocks again," he was selling on a pretty strong market, was he not?

Mr. ELLIS. No; I would not call the market strong.

Mr. WHIPPLE. It was a good market to liquidate on, was it not?

Mr. ELLIS. You can not make me say that, because I do not know.

Mr. WHIPPLE. What was it about 1 o'clock?

Mr. ELLIS. As I see it on the sheet here, the market looks as if there was not any great fluctuation to it.

Mr. WHIPPLE. That is a good market to liquidate on, is it not, when stocks are selling, but not depressing?

Mr. ELLIS. If you would look at some of these other stocks you would not think so. There is one down eight or nine dollars.

Mr. WHIPPLE. But let us take Steel, first, because we will get mixed up if we shift from one to another.

Mr. ELLIS. You may get mixed up.

Mr. WHIPPLE. I may, and you may also.

Mr. ELLIS. I do not think I will get mixed up.

Mr. WHIPPLE. I hope you will not.

Mr. ELLIS. No.

Mr. WHIPPLE. Just turn back, and tell us what Steel was, about 1 o'clock, as near as you can estimate.

Mr. ELLIS. 113 $\frac{1}{4}$.

Mr. WHIPPLE. 113 $\frac{1}{4}$?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Pretty nearly as high as it had been at any time that day?

Mr. ELLIS. Yes; within three-quarters.

Mr. WHIPPLE. And by 2 o'clock where was it?

Mr. ELLIS. 109 $\frac{3}{4}$.

Mr. WHIPPLE. 109?

Mr. ELLIS. 109 $\frac{3}{4}$.

Mr. WHIPPLE. Well, practically 109.

Mr. ELLIS. It may not amount to anything to you, but it means something to me.

Mr. WHIPPLE. I am glad to be corrected. 109 $\frac{3}{4}$?

Mr. ELLIS. Yes.

Mr. WHIPPLE. That is about the time that the News Bureau came out, or the Wall Street Journal, and said that the pressure of selling in the market was rumored to be founded upon private wire advices from Washington; that is right, is it not?

Mr. ELLIS. I do not know. That is what you say. I do not know it.

Mr. WHIPPLE. All right. That appears before the committee. Then for an hour apparently on private wire advices from Washington Barrett had been selling?

Mr. ELLIS. I do not know.

Mr. WHIPPLE. You would think so from his telegram, would you not—"I am selling stocks again."

Mr. ELLIS. He makes the statement. I believe that he did, yes.

Mr. WHIPPLE. That, you see, was along about 1 o'clock, when the market was nearly at its highest—112 and a fraction. Now, look at the sheet of December 20, from 2 to 3 p. m. [handing paper to witness] and see—it was somewhere about 2 o'clock, I think, that you sent out your telegrams to your correspondents—this last telegram. Now, what was it from 2 to 3 o'clock, the period during which your correspondents might get in something? How was it then?

Mr. ELLIS. From 109 $\frac{3}{4}$ to 108.

Mr. WHIPPLE. How did it close.

Mr. ELLIS. 108.

Mr. WHIPPLE. How long did it go in the meantime?

Mr. ELLIS. 107 $\frac{7}{8}$.

Mr. WHIPPLE. 107 $\frac{7}{8}$?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Therefore, at the time when your partner says, "I am selling stocks again," it was 112, and during the hour between 2 and 3, when the gentlemen from San Francisco, Florida, and elsewhere, who were fortunate enough to get your telegram, could sell, it was 109 and a fraction to 107 and a fraction?

Mr. ELLIS. They had an opportunity to sell then, whereas, if they had sold the next day, they would have gotten a whole lot less for their stocks.

Mr. WHIPPLE. Yes; but I was not comparing it with the next day.

Mr. ELLIS. I know you were not.

Mr. WHIPPLE. I say, comparing it with the hour when your partner was selling——

Mr. ELLIS (interposing). Yes. My partner was selling stocks for his clients. I would rather have you put it that way. It would sound better.

Mr. WHIPPLE. You spoke about his "friends"?

Mr. ELLIS. His friends and clients, yes.

Mr. WHIPPLE. But he was not selling for those gentlemen in San Francisco, who did not learn the news for an hour afterwards?

Mr. ELLIS. I should hope so.

Mr. WHIPPLE. Then, if he was selling for his friends, he was selling at pretty near the high point of that day, and the gentlemen in San Francisco, Chicago, Kansas City, New Orleans, and the South had a chance to get in at the lowest point of the day, between 2 and 3, if they were quick enough, after receiving the news? Is not that a fair summary, as far as Steel was concerned?

Mr. ELLIS. I do not know. If you think it is all right, we will say it is.

Mr. WHIPPLE. I was asking you if you did not think it was, and I do not want you to answer to be accommodating. I want you to answer, if you are convinced.

Mr. ELLIS. I am not convinced.

Mr. WHIPPLE. You are not convinced?

Mr. ELLIS. No.

Mr. WHIPPLE. Very well. The answer that you gave as an accommodation may stand, or not, as you please.

Mr. ELLIS. I do not care.

Mr. WHIPPLE. Just take notice of the opening of Steel, for instance, the next day at 10 o'clock, at the time when your customers in those more remote places would have a chance to sell their stocks, if they did not happen to be in their broker's office, between 2 and 3 o'clock, New York time, and telegraph their orders quickly to New York: At what did it open?

The CHAIRMAN. That is, December 21?

Mr. WHIPPLE. Yes, December 21—the next morning. At what did it open?

Mr. ELLIS. At 104½ to 105½.

Mr. WHIPPLE. 104½ to 105½?

Mr. ELLIS. Yes.

Mr. WHIPPLE. How low did it go between 10 and 12?

Mr. ELLIS. It seems to have sold at 104½ at different times after that.

Mr. WHIPPLE. I said, how low did it go between 10 and 12?

Mr. ELLIS. That is the low point; no, 104½, I see here.

Mr. WHIPPLE. 104½?

Mr. ELLIS. Yes.

Mr. WHIPPLE. It did not vary from 104 and a fraction during the first two hours?

Mr. ELLIS. I beg pardon?

Mr. WHIPPLE. Did it vary from 104 and a fraction?

Mr. ELLIS. Yes; it varied with every transaction.

Mr. WHIPPLE. How much? Between what limits?

Mr. ELLIS. Between 106, and down to 104½?

Mr. WHIPPLE. I do not know. I am not looking at it.

Mr. ELLIS. Then, back to 105 and 106.

Mr. WHIPPLE. It varied between 104 and a fraction, at which it opened, and 106 that forenoon?

Mr. ELLIS. 106 and a fraction; yes.

Mr. WHIPPLE. 106 and a fraction?

Mr. ELLIS. Yes.

Mr. WHIPPLE. If your correspondents in the distant parts of the country did not get in and follow the advice to sell, after your sending out at about 2 o'clock this message to "Rod and all," the market they had the next morning was from 104 and a fraction to 106, on which to dispose of their stocks?

Mr. ELLIS. Yes. That was the morning that the Lansing note came out, saying the country was on the verge of war; yes.

Mr. WHIPPLE. Did that come out before 12 o'clock?

Mr. ELLIS. I do not know, I am sure.

Mr. WHIPPLE. Why did you put it in?

Mr. ELLIS. It came out that day.

Mr. WHIPPLE. It did not affect the market before it came out, did it?

Mr. ELLIS. The market broke down to 102½ that day.

Mr. WHIPPLE. I am only talking about the chance they had in the forenoon, on your information—your customers.

Mr. ELLIS. Yes; that is where it opened, at 104½ to 105½.

Mr. WHIPPLE. And it was between 104 and a fraction and 106 and a fraction during the forenoon?

Mr. ELLIS. Yes.

Mr. WHIPPLE. And that is the market on which your correspondents could sell their stocks if they did not get in during that last hour?

Mr. ELLIS. If they chose; yes.

Mr. WHIPPLE. If they chose?

Mr. ELLIS. Yes.

Mr. WHIPPLE. As compared with 112 and a fraction at the time when Mr. Barrett telephoned, "I am selling stocks again"?

Mr. ELLIS. Yes.

Mr. WHIPPLE. How much stock had you loaned out to other brokers to cover their short sales on December 20 of last year?

Mr. ELLIS. I would not know. That would have to come from our office—our records.

Mr. WHIPPLE. Can you get it?

Mr. ELLIS. Can I get it?

Mr. WHIPPLE. Yes.

Mr. ELLIS. I think I can; yes.

Mr. WHIPPLE. Have you not any idea how much you had loaned out?

Mr. ELLIS. No, have not, frankly.

Mr. WHIPPLE. Whether it was a large amount or not?

Mr. ELLIS. They shift so quickly from day to day, that I can not give it to you from memory.

Mr. WHIPPLE. You can get that for the committee?

Mr. ELLIS. Yes. Would you like me to get it this afternoon?

Mr. WHIPPLE. If you could telegraph and ask to what extent, during the day of December 20, the stock you were carrying for your customers had been loaned out to cover short sales—loaned out to other brokers, and, presumably, to meet their short sales.

Mr. ELLIS. We are always loaning stocks as an accommodation. On the night of the 19th we may have been loaning two million or three million; and on the night of the 20th we may have been loaning five million. Is that what you want—the difference?

Mr. WHIPPLE. I should like to have what you were loaning on the 19th, and then what you were loaning during the day, just as fully as you can give it, on the 20th.

Mr. ELLIS. During the day?

Mr. WHIPPLE. Yes.

Mr. CAMPBELL. Suppose you get the 18th, 19th, 20th, and 21st?

Mr. WHIPPLE. Yes; and while you are about it, as suggested by Mr. Campbell, please make it the 18th, 19th, 20th, and 21st.

Mr. BENNET. They only loan once a day?

Mr. WHIPPLE. Yes; once a day—the purpose being, Mr. Ellis, to find out the extent to which your firm was using stocks which it had purchased for your customers and was carrying for them, in loaning to other brokers to meet the obligations of their short sales. What is the will of the committee with regard to these papers? I am asking because I am not quite sure what was put in before I came to Washington.

The CHAIRMAN. That was not put in—what you have been asking about. To what extent would you like it to be incorporated in the record?

Mr. WHIPPLE. I should think that both the papers that I have used—the one after the announcement by Mr. Lansing did not seem to me to be material to my own inquiry, unless it would be for some other purpose, because I was comparing the market when Mr. Barrett is said to have sold, with the market when the more distant customers of the firm had a chance to sell.

The CHAIRMAN. Will you just indicate by pencil marks the parts you wish to go in?

Mr. WHIPPLE. I would suggest that we mark the papers so they will be available for reference, and that they be not incorporated in the record; as I am inclined to think that in the questions that were put and the answers that were given, sufficient of the figures will appear as to the variation in prices.

The CHAIRMAN. Then, the clerk will just mark them as exhibits.

Mr. WHIPPLE. But not to be printed.

The CHAIRMAN. No.

Mr. WHIPPLE. Mr. Reporter, will you mark that paper? It will be "Ellis Exhibit B," and this is the second one "Ellis Exhibit C," which gives the Steel on the 21st, and this will be "Ellis Exhibit D."

(The said papers were thereupon marked accordingly.)

Mr. WHIPPLE. Mr. Ellis, when I was questioning you about Steel, you indicated what I thought was a disposition to stray to some other stocks, or you said, "Take note how the other stocks were going," and I said that you should have a chance to point out anything with regard to those stocks as differing from Steel that you wanted to show to the committee.

Mr. ELLIS. No.

Mr. WHIPPLE. As indicating something else?

Mr. ELLIS. No; I do not want to show anything to the committee. I just say that the market on that day was weak in spots on certain stocks.

Mr. WHIPPLE. I am not evoking that answer. I am asking you if you can point out some other stocks, the movement in which would warrant a different inference by the committee from the inference that is suggested as to Steel, I wish you would do it.

Mr. ELLIS. There are other stocks in that record that have not anything like the market that Steel would have, or anything like the steadiness of Steel, or the fluctuation.

Mr. WHIPPLE. You understand my point?

Mr. ELLIS. Yes. Some of those stocks were down seven or eight dollars, on that sheet.

Mr. WHIPPLE. I put in those figures with regard to Steel as a basis of possible inference by the committee as to what the market was when Mr. Barrett telegraphed your correspondent that he was selling, as compared with what the market was when your more distant customers had the opportunity to sell.

Mr. ELLIS. Yes.

Mr. WHIPPLE. And especially the following morning. Now, if there are any stocks that warrant a different conclusion or inference, in your opinion, from what appears with reference to Steel, I want you to feel at liberty to point out those stocks to the committee.

Mr. ELLIS. Thank you; it is not important.

Mr. WHIPPLE. I beg pardon?

Mr. ELLIS. In the list of stocks I saw some wide fluctuations, and that is the reason I mentioned it. It is not important, however.

Mr. WHIPPLE. And the wider, the more they contribute to the inference that I suggested?

Mr. ELLIS. You said it was a good market to sell stocks on, and I do not agree with you—some stocks.

Mr. WHIPPLE. If you want to point out anything——

Mr. ELLIS (interposing). No; I do not want to point out anything.

Mr. WHIPPLE. Anything that might affect the inference which the committee may draw as to the market which your partner had to unload on, or to sell on, when he announced to his Chicago correspondent that he was selling, as compared with the market that your distant correspondents and their customers had to sell on, that you think you ought to point out to the committee. Otherwise I think the committee would assume that the relative markets which your partner had to dispose of his stocks or that of his friends—whatever he was selling when he said, "I am selling stocks again," they will

infer that the whole market presented that same opportunity for him to sell at one thing and your customers at another.

The CHAIRMAN. Is that all?

Mr. WHIPPLE. Yes.

The CHAIRMAN. Mr. Ellis, I wish to ask just one question: In one of these telegrams—I will not read it all, but it was sent at 1.02 p. m.—and in that telegram you used this expression: “Please treat it confidentially and do not give it any publicity, and see that no word of it gets to papers or outsiders.” You sent that to Hutton & Co. and your correspondents on the Overland wire?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. If that confidence which you enjoined was respected, then could your customers and outsiders do what Mr. Barrett said in his telegram, sent at 11.53, that he was doing, “I am selling stocks again”?

Mr. ELLIS. Could they have done that? Yes.

The CHAIRMAN. If that confidence was respected, though?

Mr. ELLIS. Oh, yes.

The CHAIRMAN. Would they have had the information that he had?

Mr. ELLIS. As I put it in that wire, they would have had it; yes. They could have all gotten it.

The CHAIRMAN. You say “See that no word of it gets to papers or outsiders.”

Mr. ELLIS. I meant newspapers and outsiders; not our customers.

The CHAIRMAN. How would your customers have gotten it out there?

Mr. ELLIS. They would get it on the bulletin board, or our men would call them up.

The CHAIRMAN. Get this confidential telegram on the bulletin board?

Mr. ELLIS. Yes; it would be put on our files there for our customers; that is the reason it was sent out.

The CHAIRMAN. Then, all of your customers are supposed to have been there that day?

Mr. ELLIS. No. Whoever was there would have taken advantage of it, and our manager and others of the force would call up the different people, and acquaint them with the message, if they considered it important enough.

The CHAIRMAN. You do not mean to say, then, that would warrant putting the outsiders and your customers at a disadvantage, after enjoining this confidence on them?

Mr. ELLIS. Certainly not our customers, no.

The CHAIRMAN. You were assuming, then, that this would be telephoned and communicated immediately to all of your customers—this confidential telegram?

Mr. ELLIS. I assumed they would get it in some form. That is what I sent it for—for them.

The CHAIRMAN. You sent it for your customers and not for the outsiders, of course?

Mr. ELLIS. Not for the outsiders and not for the newspapers. The reason I put that in there, I think, was that the original message contained that request—that we not give it to outsiders.

The CHAIRMAN. Do you state to this committee that you sent that confidential telegram for the purpose of protecting your customers?

Mr. ELLIS. Advising them of conditions and what we had heard.
The CHAIRMAN. For the purpose of protecting them?

Mr. ELLIS. To protect themselves, if they wanted to. That was their privilege.

The CHAIRMAN. And you think that they lost nothing by reason of you making this confidential, in any way?

Mr. ELLIS. They lost nothing?

The CHAIRMAN. Your customers.

Mr. ELLIS. No; nothing.

The CHAIRMAN. Did your customers make on that day?

Mr. ELLIS. I could not tell you that.

The CHAIRMAN. December 20. Mr. Hutton's testimony went into that very fully.

Mr. ELLIS. He has evidently looked into it. I have not had the opportunity.

The CHAIRMAN. His testimony showed they lost.

Mr. ELLIS. I have not any doubt they did, because the market went down and we were, on balances, very much longer of stocks than we were short.

The CHAIRMAN. That is all.

Mr. CHIPERFIELD. I would like to ask a question here, if I may.

The CHAIRMAN. Certainly.

Mr. CHIPERFIELD. Did that telegram from Mr. Barrett, saying "I am selling stocks again," have, in the connection in which it was used, any other significance that the plain language which appears upon its face?

Mr. ELLIS. No.

Mr. WHIPPLE. Referring now to Exhibit H-3, to Clement from you, "Our Washington wire gave us similar message to yours. Others have the same information." Will you name any other person or any other firm on the Street that had the same information that was wired to you by Clement or Aldrich, in Chicago, or the same information that you say you got on your Washington wire?

Mr. ELLIS. I could not name them now.

Mr. WHIPPLE. Well, I am asking you.

Mr. ELLIS. When I said "others," I meant customers that may have been in our room or other houses, other firms. I was speaking in a general way.

Mr. WHIPPLE. But now I want to get it specific.

Mr. ELLIS. I can not give it to you specifically.

Mr. WHIPPLE. I think the committee would be interested if you would name one person—because let me say I have sent telegrams to most of the branch houses in New York, to see whether they had received any such messages as you received, both from Connolly, through one source in Washington, and from Aldrich and Clement, through another source that came from Washington, and I may say that I shall offer later to show that not one of them received any such message.

Mr. ELLIS. Will you allow me to answer? Is that a question?

Mr. WHIPPLE. I am going to ask you if you can name a house that justified your statement, "Others have the same information"?

Mr. ELLIS. I did not say "Other houses."

Mr. WHIPPLE. Just name a person, then, because if no others had telegrams—no other houses had telegrams—we will find out how the persons discovered it.

Mr. ELLIS. I do not recall the persons. They were in our office. I know it was being discussed there. I could not tell you who they were.

Mr. WHIPPLE. You could not name one?

Mr. ELLIS. No.

Mr. WHIPPLE. You can not name a single person?

Mr. ELLIS. No.

Mr. WHIPPLE. All you can do is to say they were discussing it in your office?

Mr. ELLIS. That is my impression.

Mr. WHIPPLE. What were they discussing?

Mr. ELLIS. This talk that Clement sent on here.

Mr. WHIPPLE. That is, that the President was going to issue a peace note the next morning?

Mr. ELLIS. That was on the subject, yes; that was the subject.

Mr. WHIPPLE. What do you mean by "That was on the subject"?

Mr. ELLIS. Well, I do not know what they were discussing. I heard the report in the office that there was going to be something come along and I assumed that other people had it, perhaps, or heard that other people had it, and I heard it talked about in our office, but I did not look upon it with any particular amount of importance. I sat down and wrote a wire to Clement, and said, "Other people have got it," and that is all there is to it.

Mr. WHIPPLE. You say you assumed other people had it? That is your answer now?

Mr. ELLIS. I do not know.

Mr. WHIPPLE. And therefore you wired Clement "Our Washington office gave us similar message to yours, and others have the same information"?

The CHAIRMAN. In order to make this a little more clear, you say that this confidential message that you sent out enjoining confidence was placed on the bulletin board so that the customers could find out what was in it—that they could get the information in that way?

Mr. ELLIS. Yes.

The CHAIRMAN. Then, if that be true, if they could have done that, and did do that, how did you expect to keep it out of the newspapers and from outsiders? Could not an outsider have stepped into the office, or a newspaper man, and looked on the bulletin board and seen this telegram?

Mr. ELLIS. When I said "bulletin board," it might have been the file; it might have been on the file or on a dozen different things. I have not been in that office in five years. I do not know whether they have a bulletin board or a file or what.

The CHAIRMAN. There is a good deal of difference between a bulletin board and a file, and if this had been put on a bulletin board any outsider or newspaper man could have come in and read its contents?

Mr. ELLIS. I suppose he could; yes.

The CHAIRMAN. And you did not want that, did you?

Mr. ELLIS. No; I did not mean to say it was stuck up on the wall, but that it was on file, or wherever they put it in that office.

The CHAIRMAN. If it were stuck on a file, what good would that have done your customers?

Mr. ELLIS. The customers go over the file and look at it.

The CHAIRMAN. Could not a newspaper man have gone over and looked at it too?

Mr. ELLIS. I suppose he could, if it were there; but when I told them not to use it for that purpose, that is what I supposed they would do—follow orders; they usually do.

The CHAIRMAN. It seems to me very plain that there was not much publicity to be given to that telegram, even to the customers.

Mr. ELLIS. From what I heard from a newspaper reporter a couple days after this thing developed, it seemed to me that this message did come around via Los Angeles, or something of that kind.

Mr. FOSTER. Can you tell us who that reporter was?

Mr. ELLIS. His name was Shotwell.

Mr. FOSTER. He is a reporter for what paper?

Mr. ELLIS. The New York American.

Mr. FOSTER. He told you that this came around from Los Angeles?

Mr. ELLIS. No; he did not tell me that.

Mr. FOSTER. That it probably did?

Mr. ELLIS. No; that was my guess, if you want to put it that way.

The CHAIRMAN. Are there any other questions?

Mr. LENROOT. With reference to this confidential telegram that you say was sent out, and put upon the board or on the files for the use of customers, did you place this telegram on any board or at any place in your office for the use of your customers there?

Mr. ELLIS. No, sir.

Mr. LENROOT. Were you giving outside customers, then, an advantage that you were not giving your own customers?

Mr. ELLIS. If I did, I did not mean to. I wrote the wire, and sent it in to our wire room. I do not put gossip on our outside tables or files.

Mr. LENROOT. You do not put gossip there, but you said this was reliable information.

Mr. ELLIS. Well, that is a term we use for all messages in our office. We classify all messages, outside of orders and reports, as "gossip." That is a term we use.

Mr. LENROOT. Do you aim to give your customers in New York the same reliable information you give to customers outside of New York?

Mr. ELLIS. We try to, yes.

Mr. LENROOT. Then why did you not put it upon the board in your New York office?

Mr. ELLIS. Why, I had a thousand things to do that day, I did not go outside to see where it went, or what happened to it.

Mr. LENROOT. That is all.

The CHAIRMAN. Will you need this witness any more to-day, Mr. Whipple?

Mr. WHIPPLE. Not to-day.

The CHAIRMAN. But you may need him later on?

Mr. HARRISON. Maybe Mr. Ellis knows something else that has not been asked him.

Mr. ELLIS. No; I do not think I care to say anything else.

The CHAIRMAN. If Mr. Ellis wishes to make a voluntary statement we would be glad to hear it.

Mr. ELLIS. No; I only want to say this, that Hutton & Co., as a firm, did not make one single solitary dollar out of this message about

which there has been so much discussion, and I do not know that the other firm here that has been mentioned in this connection—that Connolly did. Business was not very large on that day. That is about all.

Mr. BENNET. Assuming that to be accurate—and I am not questioning it—nevertheless, you would have been highly pleased if your customers throughout the country, on the strength of that telegram which you sent out, had sold millions of their long stocks, would you not?

Mr. ELLIS. Considering the action of the following day, and the statement that came out, yes, we would have been very much pleased and glad.

Mr. BENNET. Considering your extended condition?

Mr. ELLIS. No; we were not so much extended at that time. I think we had liquidated some stocks previous to that.

Mr. BENNET. You had \$45,000,000 long stocks, and you were owing \$27,000,000 on them on that day?

Mr. ELLIS. Yes.

Mr. BENNET. That is a good deal of money?

Mr. ELLIS. Yes; you bet it is.

Mr. BENNET. And that did not make you sleep any better nights, did it?

Mr. ELLIS. Not a bit.

Mr. BENNET. Your whole campaign for a month had been to get your customers out of the market, had it not?

Mr. ELLIS. I think since the 9th of November of the 1st of November, thereabouts.

Mr. BENNET. And you had a reason for that?

Mr. ELLIS. We were advising our customers throughout the country that they were overloaded. They did not know it, but they had a too much stock.

Mr. BENNET. The market was overbought?

Mr. ELLIS. Yes. Everybody has a limit. The Bank of England has a limit; the New York banks have a limit; I have a limit, and we were all up to our limit.

Mr. BENNET. This telegram that you sent out was in direct line with your whole campaign since the 9th of November?

Mr. ELLIS. Yes; I was advising caution for six weeks previous to this situation here.

Mr. BENNET. Not only caution, but in your letter of December 18 you almost begged your people to sell out their industrials and get into rails?

Mr. ELLIS. Yes; and we refused to buy some industrial stocks. We did not want to carry them.

Mr. FOSTER. Did not a good many of your customers get out of the market about the 20th and 21st?

Mr. ELLIS. A good many?

Mr. FOSTER. Yes.

Mr. ELLIS. I could not say that. They get out and get in again.

Mr. FOSTER. Did not a good many of the public who were dealing throughout the West and South get out of the market at that time?

Mr. ELLIS. Not more than got out of it a day or two ago.

Mr. FOSTER. I do not know. From the testimony of Mr. Hutton in New York, there was about \$700,000 that went from Chicago at

that time, and I judge by that that there were a good many of them who got out of the market.

Mr. ELLIS. They keep sending money along to further protect their securities, and then, when the turn-about comes, all right; they take that back again, perhaps, or put it back in their pockets.

Mr. FOSTER. Just a little more or less margin?

Mr. ELLIS. Yes. If a man has bought more than he can take care of he can not put too much by.

The CHAIRMAN. Mr. Ellis, you may stand aside for the present, and, I believe, the committee has requested you to produce some correspondence—further correspondence?

Mr. ELLIS. I wired for that.

The CHAIRMAN. We may need you later on?

Mr. ELLIS. This evening?

The CHAIRMAN. No; not this evening; but hold yourself ready to respond to-morrow.

Mr. ELLIS. To-morrow?

The CHAIRMAN. Yes.

Mr. ELLIS. I can not get back, then?

The CHAIRMAN. I do not see how we could excuse the witness to-night; could we?

Mr. WHIPPLE. If there is anything urgent to-morrow in New York, and you are willing to go up, and then come back again if we need you——

Mr. CAMPBELL. Could he not come back on a wire request?

Mr. WHIPPLE. Yes.

The CHAIRMAN. Whenever the committee needs you again, you will come?

Mr. ELLIS. Yes.

Mr. WHIPPLE. I should think if Mr. Ellis has finished his vacation, and wants to get back to New York, he might as well go back.

The CHAIRMAN. It seems so.

Mr. WHIPPLE. And then respond, as some other gentlemen may have to from New York, or take the chance of not being needed in the hearings here.

The CHAIRMAN. It might facilitate getting the correspondence and further records by his going over to-night.

Mr. WHIPPLE. If you do go over, I trust you will try to get more of these telegrams, copies of which we have from the telltale in Chicago.

Mr. ELLIS. I have wired to-day.

Mr. WHIPPLE. Because you said one of them, you felt very sure, was right in the office and had been overlooked.

The CHAIRMAN. Then, Mr. Ellis, you may be excused, and return home, if you wish to go, and will return on a telegram from the committee.

Mr. ELLIS. Yes.

The CHAIRMAN. With the understanding that you will assist in getting the correspondence in the meantime.

Mr. ELLIS. Yes.

The CHAIRMAN. Who is your next witness?

Mr. WHIPPLE. Mr. Roper's cross-examination by Mr. Chipperfield has not been finished.

The CHAIRMAN. Mr. Chipperfield is not here.

Mr. WHIPPLE. Then Mr. Essary.

STATEMENT OF MR. J. FRED ESSARY—Resumed.

Mr. WHIPPLE. Mr. Essary, you stated the other evening the circumstances and conditions under which you wrote out a message which you delivered, as you remember, on December 20, at Connolly's office to the telegrapher, Mr. Roper, to be sent to Mr. Ellis, the last witness. To make a little résumé, as I understand it, you were not present when Mr. Secretary Lansing made his announcement at 11 in the morning?

Mr. ESSARY. No.

Mr. WHIPPLE. But you heard of it sometime after 11, and, I think you said, at the press room at the White House?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Can you fix any more clearly the hour when you got it?

Mr. ESSARY. No more clearly than I did on Saturday. It was between 11 and 11.30, I should say.

Mr. WHIPPLE. Between 11 and 11.30?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Can you tell us any of the gentlemen who were there in the press room?

Mr. ESSARY. I could not be sure.

Mr. WHIPPLE. Can you tell us what any one of those gentlemen said?

Mr. ESSARY. The only circumstance that I recall overhearing—I do not remember engaging any of those gentlemen directly in conversation about the note—was that——

Mr. WHIPPLE (interposing). But you overheard them saying something?

Mr. ESSARY. Just general conversation.

Mr. WHIPPLE. Will you state to the committee anything that you overheard them say?

Mr. ESSARY. I recall, now that my memory has been somewhat refreshed on the matter, that the note was to come out at 5 o'clock—something was to be given out at 5 o'clock.

Mr. WHIPPLE. By whom, to whom?

Mr. ESSARY. By the Secretary of State.

Mr. WHIPPLE. To whom?

Mr. ESSARY. To the newspaper correspondents.

Mr. WHIPPLE. That is, that a note was to be given out by the Secretary of State to the newspaper reporters at 5 o'clock?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. That was not anything that anybody told you, but was something you overheard one gentleman in the press room telling another?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Can you remember anything else that you heard?

Mr. ESSARY. I do not remember whether I heard it there or heard it later, that this note in question was to be addressed to both the belligerents and the neutral governments.

Mr. WHIPPLE. Who told you that?

Mr. ESSARY. I do not recall who told me that part of it.

Mr. WHIPPLE. Was it something that somebody told you, or something that you again overheard some one saying to somebody else?

Mr. ESSARY. Just general conversation.

Mr. WHIPPLE. Was it conversation in which you participated?

Mr. ESSARY. Perhaps I did; this was a month ago. My memory is not clear at all as to the small details of it.

Mr. WHIPPLE. I think the committee are hoping that you will search your memory so as to give as clear an account of just what happened as possible.

Mr. ESSARY. Mr. Whipple, may I make a suggestion here to the chairman?

Mr. WHIPPLE. Just as the chairman says.

The CHAIRMAN. What is it?

Mr. ESSARY. On Saturday I was summoned before this committee, without notice. I reached my office about 4.30 in the afternoon, and found a notice requiring my presence here, and came here immediately, and at once went on the stand.

Mr. WHIPPLE. Exactly; and that is why I am asking you now—

Mr. ESSARY (interposing). And I had practically no opportunity to go over in my own mind any of the circumstances of this matter.

Mr. WHIPPLE. That is the very reason, Mr. Essary, that I am now putting questions to you as to details that naturally you would not have remembered on Saturday.

Mr. ESSARY. Yes.

Mr. WHIPPLE. Such as the sources of your information, and where you went, from one place to another.

Mr. ESSARY. Yes.

Mr. WHIPPLE. Because, you see, you were called upon on Saturday practically only to identify your action in sending this telegram, and you were not queried very much about the sources of your information.

Mr. ESSARY. No.

Mr. WHIPPLE. Now, you having had opportunity to give it thought, I would like to know, or the committee, rather, would like to know, just the best information you can give us as to the details.

Mr. ESSARY. I was about to continue, if the chairman will permit me for a second more—

The CHAIRMAN (interposing). Were you making these remarks with a view to correcting your testimony?

Mr. ESSARY. I am making these remarks with a view of introducing a little statement, Mr. Chairman, that I have since prepared, that I would like to make at the beginning of my testimony to-day, if it is agreeable to the committee and to counsel.

Mr. WHIPPLE. That is a statement as to the sources of your information?

Mr. ESSARY. As to this very circumstance.

Mr. WHIPPLE. Or these circumstances?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Whether you answer in reply to questions, or whether you make a statement, so far as I am concerned, is entirely immaterial. Whichever is the fairest to Mr. Essary, or will make the best statement—

The CHAIRMAN. It seems to the Chair that Mr. Essary is entitled to make his statement first.

Mr. WHIPPLE. Yes.

The CHAIRMAN. And the Chair will so hold, unless the committee differs with me.

Mr. WHIPPLE. It seems to me that that is a fairer way, to let him make his statement as he will, after he has thought it over.

Mr. ESSARY. May I read it to the committee?

The CHAIRMAN. Yes.

Mr. ESSARY (reading).

First of all, permit me to make my relationship to F. A. Connolly & Co. and to E. F. Hutton & Co. clear to you. I have no personal acquaintance with any member of the firm of Hutton & Co., except with Mr. Ellis, to whom I introduced myself after the hearing on Saturday.

I have, however, a most intimate personal acquaintance with F. A. Connolly. I have known him almost from the time I came to Washington. We are members of the same club. He and his wife have been guests in my house. My wife and I have as often been invited to his. For years he has been a frequent and welcomed visitor to my office. Some time last summer he came into my office to say that he had just made arrangements to go into business for himself and was delighted with the fact that he had secured an option on quarters on the same floor of the building which we occupy, adding that we should be business neighbors and would be in close touch with each other. I expressed my own pleasure at the prospect. When he opened his place I frequently looked in upon him and enjoyed his enthusiasm over his plant and the outlook for the future of his business.

From time to time after that Mr. Connolly came to my office to talk over his affairs with me, often saying that much of his success depended upon the impression he was to make upon his New York correspondents, E. F. Hutton & Co. Repeatedly he asked for my opinion as to this circumstance or that, and as often I gave it to him, cheerfully, freely. The first specific case of this sort that I can recall was some time prior to the election. He wanted to know what I believed the result would be. In many of our conversations he mentioned the name of Mr. Ellis as the man in New York with whom he was in most direct communication. On one occasion, some weeks ago, he asked me if I objected to his quoting what I had said to him to Mr. Ellis. I think this was in connection with the possibility of Congress acting upon the President's strike legislation. I readily consented, inasmuch as I was merely expressing an opinion. Without making the positive statement, my impression is that I turned to my typewriter and wrote down what I had verbally said. At all events, more than once thereafter I gave an opinion upon some question or other, writing it down for Mr. Connolly's guidance or to be sent as written, if Mr. Connolly preferred.

About a week before Secretary Lansing announced his peace note I met Mr. Connolly in the corridor of the Bond Building, and he asked the direct question whether I believed any peace note would be sent by this Government. I answered that I seriously doubted if such message would be sent, and gave some reasons for that opinion. Mr. Connolly thereupon asked me if I would make a note of this, as it coincided with his own views, for which he would like support. This note was sent, I assumed, to Mr. Ellis.

Now, if I may be permitted, I should like to recite the incidents leading up to the memorandum which the committee is now inquiring into. On the morning in question I stopped, on my way down, at the White House, but not at the State Department. There were a number of newspaper men in the White House press room when I reached there shortly after 11 o'clock. I heard considerable conversation at the time as to a note to be given out at 5 o'clock that afternoon. The hour it was to be given out and the fact that it was to be addressed to belligerents and neutrals alike were literally all the details I knew of it at the time or at any time until it was given out that night.

As I recall, I went at once to my office, attending to some matters there; then dropped in at the Press Club after noon for lunch. At the club I heard other newspaper men commenting upon the expected note, there apparently being no secrecy nor whispered mystery about it. Everybody seemed to know as much as I knew. I again returned to my office, having concluded in my own mind that the note in question had a bearing upon peace. I suddenly recalled the opinion I had given Connolly a week before, just to the contrary, and upon an impulse drafted a little memorandum, intended to correct what I regarded as a misleading impression previously given by me. Just before I started for the Capitol, I went to Mr. Connolly's to give it to him. I looked about for him, and failing to see him in the crowd, turned and handed the note to the operator, suggesting that it be sent to Mr. Ellis. I thereupon hurried away

to the Capitol, giving the incident no thought whatever. I think it is obvious to you gentlemen that if I were a market operator or concerned in stock speculation, and if I had been in possession of what I believed to be important market news, I should have rushed from the White House to Connolly's office instead of waiting the better part of an hour and a half.

At this point, gentlemen, I would like to say this: Since this memorandum was written a newspaper man in this city called at my office to recall to my mind a conversation that he had with me on the telephone on the 20th of December, with reference to this note. That had completely passed out of my mind when I testified on Saturday. His name is S. M. Reynolds, and he very generously assumed that I was, in my testimony on Saturday, trying to protect him or guard against his name being brought into the situation. I was not trying to protect him; I recalled nothing about his conversation; but he did call me on the telephone, as I now recall—the hour I do not remember; it may have been before 1, or it may have been a little after 1—and the purpose, as I gathered it at the time, was simply to notify me that there would be something at 5 o'clock, and that it would probably be important for me to be at the department to get it. I think he asked me also at the same time what should he do about notifying his office. I think I advised him, perhaps, to telephone to his office, or something to that effect. That is the only man whose name that I can pronounce at this minute to whom I talked, or in whose presence I was when any of these conversations took place.

Mr. BENNET. Did you say what paper he was connected with?

Mr. ESSARY. I did not. May I give that also?

The CHAIRMAN. Yes.

Mr. ESSARY. The New York Evening Sun and the Baltimore News.

The CHAIRMAN. Is that all of your written statement?

Mr. ESSARY. No; I have just one paragraph further.

The CHAIRMAN. That was just an interpolation?

Mr. ESSARY. Yes. [Continuing reading:]

If the committee will indulge me one minute longer, I should like to remind you that it is the most common of practices for Washington correspondents to give information to their friends or their paper's readers upon all manner of subjects. One will ask an opinion upon this policy of the administration, or that project of Congress. Another will want to know the status of a bill or what a committee is likely to do upon a given measure, etc., etc. My own paper is peculiarly serviceable to its readers in this direction, having maintained for years a highly expensive information bureau, operated entirely aside from the collection and publication of news. I might say that while I was engaged in writing this very statement, a very prominent Baltimorean called me on the phone and asked me about an important matter. At the very same hour a letter from the Merchants & Manufacturers Association of Baltimore, which I will take the liberty of reading to you, was delivered at my office.

It is just a one-line letter from an official of the Merchants & Manufacturers Association of Baltimore, dated February 3, 1917, and reads as follows:

Mr. J. FRED ESSARY,

714 Fourteenth Street NW., Washington, D. C.

DEAR FRED: If there is anything new about the excess-profit item in the revenue bill, won't you please advise me? With kind personal regards, I am.

(Continuing reading statement:)

I fully understand that these last remarks of mine have no immediate bearing upon the peace-note matter, but they have a bearing upon my mental attitude toward men who approach me for information.

I should offer my apologies to the committee for the length of this statement, except for the fact that on Saturday you gave me no opportunity to state my case. My professional reputation has seemed to be impeached, and I would like this record to show that, while I may have been overzealous on the side of friendship, that I do not hold lightly the journalistic standards which prevail in Washington. I am conscious of having committed no wrong in this matter. I have not in this instance or in any other of my newspaper career deliberately violated any man's confidence or made improper use of any information which has come to me as a newspaper man.

The CHAIRMAN. Proceed, Mr. Whipple.

Mr. WHIPPLE. When did you inform your own paper with regard to the Secretary's announcement, or what it contained?

Mr. ESSARY. I think about 5.15 or 5.30 in the afternoon.

Mr. WHIPPLE. That is, you did not inform your own news editor or your own paper until after the matter was released by the Secretary?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Then, the way you informed your news editor was to take the statement as furnished to the reporters by the Secretary, one to the neutral nations and one to the belligerent nations, or, perhaps, one to the central powers and one to the allies?

Mr. ESSARY. I did not know there were two. May I state that?

Mr. WHIPPLE. Did you not know that while the statement was practically the same, it had to be adjusted in certain particulars to go, on the one hand, to the allies, and, on the other hand, to the central nations?

Mr. ESSARY. I might have assumed that, yes.

Mr. WHIPPLE. And you inclosed what the Secretary gave to you at 5 o'clock, or to some representative, and sent it upon the train to Baltimore?

Mr. ESSARY. At 5.30.

Mr. WHIPPLE. At 5.30?

Mr. ESSARY. Yes.

Mr. WHIPPLE. To Baltimore?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And that is the only communication that you gave to your own newspaper with regard to this important matter?

Mr. ESSARY. No.

Mr. WHIPPLE. It was not?

Mr. ESSARY. I called my newspaper up on the telephone about 5.15 or 5.30.

Mr. WHIPPLE. You called them up about 5.15 or 5.30?

Mr. ESSARY. Yes.

Mr. WHIPPLE. But that was after Secretary Lansing had released the papers?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. So that the peace note was in your possession, to read it?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And not until that had been done, did you notify your own superior, the news editor of the paper?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. That anything was to be done or had been done?

Mr. ESSARY. Not until then.

Mr. WHIPPLE. Is that correct?

Mr. ESSARY. Yes.

Mr. WHIPPLE. But some five hours before—four or five hours before—you had bethought yourself to write out this forecast of what it was going to be, without request from Connolly; is that correct?

Mr. ESSARY. Quite correct.

Mr. WHIPPLE. You voluntarily went to his office with your type-written statement of it, and, Connolly not being there, you handed it to the telegrapher, addressed it to Mr. Ellis of the Hutton Co., and asked to have it transmitted?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. That is a correct statement, is it not?

Mr. ESSARY. Yes; that is correct.

Mr. WHIPPLE. Now, to go back to the point where I had started to examine you. You have told us all the gentlemen whose names you can mention whom you either overheard in conversation, or with whom you joined in conversation on that day, with regard to this subject matter. Is that correct?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Mr. Reynolds, of the New York Sun, you say called up. Was it he who told you that it was to be issued at 5 o'clock?

Mr. ESSARY. No, sir; I knew that before he called me up.

Mr. WHIPPLE. I did not quite catch, from what you read, what your conversation was with Mr. Reynolds.

Mr. ESSARY. My conversation with Mr. Reynolds is rather obscure in my mind. He called me up to inform me, as I now gather, that the note would be out at 5 o'clock; that there would be an announcement or a note at 5 o'clock from the Secretary of State's office.

Mr. WHIPPLE. But you had that information?

Mr. ESSARY. I did.

Mr. WHIPPLE. Then, you say, among other things, he asked you what you thought about his notifying his paper?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Of what?

Mr. ESSARY. Of the expected note.

Mr. WHIPPLE. Of the fact that the note was expected?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Did he attempt to define to you, either by way of speculation or on information, the subject matter of the note?

Mr. ESSARY. I do not remember; he may have. I probably asked him what he made of it, or what he thought of it, or something of that sort, but I do not remember his answer.

Mr. WHIPPLE. You do not remember what he said with regard to it?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. And you told him you thought he had better send it along to his paper?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. Am I mistaken in that understanding?

Mr. ESSARY. Yes; you are mistaken.

Mr. WHIPPLE. You said to telephone his paper about it?

Mr. ESSARY. Simply to notify them that it was coming.

Mr. WHIPPLE. To notify them that it was coming?

Mr. ESSARY. That there would be something.

Mr. WHIPPLE. Did he tell you why he hesitated even to speak to his paper about this announcement of Secretary Lansing?

Mr. ESSARY. I do not recall that he did, no.

Mr. WHIPPLE. Was not there any inference that you could draw from Mr. Reynolds's doubt as to whether he even should inform his newspaper of what Secretary Lansing had said?

Mr. ESSARY. That point is not clear in my mind at all.

Mr. WHIPPLE. Well, as you look at it now, there was a clear inference to be drawn from what Mr. Reynolds said, in expression of his doubt as to whether he should even notify his editor about it. Is not that true?

Mr. ESSARY. No; I do not think that is true.

Mr. WHIPPLE. What possible question, as you understood it, would Reynolds have as to whether he should notify his editor of what the Secretary had said?

Mr. ESSARY. What possible question? I can not testify.

Mr. WHIPPLE. Of what is in his mind?

Mr. ESSARY. I can not testify as to what question was in any other man's mind.

Mr. WHIPPLE. I understnad you advised him to do it. Did you advise him what to do with his own editor without knowing what was in his mind, or what was the basis of his doubt?

Mr. ESSARY. Why, this is an afternoon paper. Mine is a morning paper.

Mr. WHIPPLE. What difference does that make as to what he should do?

Mr. ESSARY. And in no event would his paper print the note itself. The paper would be delivered to me, as I gathered it, at 5 o'clock, to be published in my paper.

Mr. WHIPPLE. But he asked you whether he had better not notify his editor of what Secretary Lansing had said. Did you advise him that you thought he had better, without knowing what the doubt was in his mind?

Mr. ESSARY. He probably mentioned to me, and I think the idea, the fact that he had only made a recent connection with the New York paper, the New York Evening Sun.

Mr. WHIPPLE. What had that to do with the question as to whether he should notify his editor of an announcement made by the Secretary, if the Secretary's announcement was not made in confidence?

Mr. ESSARY. I did not raise the question of confidence at all. I was not in possession of the Secretary's announcement.

Mr. WHIPPLE. Mr. Reynolds, it appears, was.

Mr. ESSARY. Yes.

Mr. WHIPPLE. And Mr. Reynolds, you say, asked you whether he should send to his editor a statement of what the Secretary had said?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And you said he had better do it. Did he say why he asked you your advice on that subject?

Mr. ESSARY. I do not think that he did. If he did I do not recall it.

Mr. WHIPPLE. Did he say, "the Secretary told us to keep it in confidence; now, do you think under those circumstances I had better send it to the editor?"

Mr. ESSARY. I do not recall that.

Mr. WHIPPLE. What reason did he give for asking your advice?

Mr. ESSARY. I do not recall any at all.

Mr. WHIPPLE. You advised him to send it. Did you advise him to send it to the editor without knowing what the doubt or hesitation was, or the cause of it, in his mind?

Mr. ESSARY. I merely advised him that probably it would be a very good idea to call up his editor and tell him that statement was coming, in the event that he probably would get some query with respect to it.

Mr. WHIPPLE. Did you not say to him, "Why should you not notify your editor? What a foolish question to ask. You of course ought to notify your editor of everything."

Mr. ESSARY. I am not in the attitude of reproaching Mr. Reynolds.

Mr. WHIPPLE. Well, perhaps not, and perhaps I ought not to in so bald language as that; but did not you say to him, "Why don't you notify your editor? What is the trouble?"

Mr. ESSARY. You are questioning me about a circumstance that has no fixed place in my mind at all.

Mr. WHIPPLE. You brought it in.

Mr. ESSARY. I brought it in because it was apparent that I had overlooked this ore conversation of one day a minute ago, and I want to be perfectly frank to this committee and tell this committee all that I know.

Mr. WHIPPLE. I am assuming that is so, and therefore I am asking you as frankly.

Mr. ESSARY. And I am telling them as frankly as I can, but I am not going to tell them anything that I am not sure of in my mind.

Mr. WHIPPLE. That is quite so, too. But here was a man, the correspondent of a great metropolitan daily, who said to you that a paper was to be given out at 5 o'clock by Secretary Lansing, and asked you your advice as to whether he should notify his editor of that fact. Did he not?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And you say to the committee that you had no idea or thought as to why he hesitated to notify his editor?

Mr. ESSARY. You say that. I have not said it.

Mr. WHIPPLE. Do you say it?

Mr. ESSARY. I do not say it.

Mr. WHIPPLE. What was your idea or thought as to why he hesitated?

Mr. ESSARY. I have no idea, but I do not feel that you ought to put these words in my mouth, when I do not say them. I am here without counsel, and I am here more or less at your mercy, and I think the committee owes it to me to see that I have a fair opportunity.

Mr. WHIPPLE. Mr. Chairman, is there any question about the fairness of the question I put?

The CHAIRMAN. The Chair thinks that counsel has the right to ask questions, Mr. Essary.

Mr. ESSARY. I appreciate that.

The CHAIRMAN. And that you should answer the questions.

Mr. ESSARY. I am trying to do that.

The CHAIRMAN. In a categorical way, which, of course, you understand.

Mr. ESSARY. Yes, sir.

The CHAIRMAN. And let us see now if we can not proceed along those lines.

Mr. WHIPPLE. Now, let us get to it again. I want to see if you will leave it with this committee as to when Mr. Reynolds, the representative in Washington of the great metropolitan daily, spoke to you about Secretary Lansing's announcement, and asked you whether you thought he ought to tell his editor; I want to ask that you tell the committee if you have no idea why he hesitated to inform his editor, and why he asked your advice?

Mr. ESSARY. I have no idea in my mind at this minute why he had such a question in his mind.

Mr. WHIPPLE. Now, I will ask you whether he hesitated to do it because he regarded it possibly as a violation of the confidence in which this statement was made by Secretary Lansing?

Mr. ESSARY. I do not know.

Mr. WHIPPLE. Can you think of any other reason why he should hesitate to inform his editor and ask advice about it?

Mr. ESSARY. I do not think of any reason.

Mr. WHIPPLE. Any other possible reason?

Mr. ESSARY. No.

Mr. WHIPPLE. That is all I wanted to get at. But you will admit that you were thus apprised by inference if not by a direct statement that the announcement by Secretary Lansing to the newspaper men was made in confidence.

Mr. ESSARY. I received no confidential information whatever, at first hand or second hand.

Mr. WHIPPLE. That was not my question. My question was whether you do not now say that the only possible interpretation of Mr. Reynolds's request for your advice was because you understood, and you could infer that the information had been given to the reporters by the Secretary in confidence?

Mr. ESSARY. Yes; that is a natural inference.

Mr. WHIPPLE. That is a natural inference?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Do you mean to leave it with the committee that that very natural inference you did not make at the time of your conversation with Mr. Reynolds?

Mr. ESSARY. I did not make it; no.

Mr. WHIPPLE. You did not make it?

Mr. ESSARY. No.

Mr. WHIPPLE. That is, without knowing, why he hesitated to inform even his editor of the announcement by the Secretary, you advised him to do it without asking whether it would be a breach of confidence? Is that the way you leave it with the committee?

Mr. ESSARY. I am willing to leave it that way; yes, sir.

Mr. WHIPPLE. That is, it never occurred to you, from the question which Mr. Reynolds put to you about your advice to send it to the editor, that it had been given to Mr. Reynolds in a confidence which he interpreted as perhaps not permitting him even to communicate it to his editor?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Do you assent to that?

Mr. ESSARY. Yes.

Mr. WHIPPLE. Can you name any one else that you talked with on the subject before you sent this message?

Mr. ESSARY. No; I can not.

Mr. WHIPPLE. Now, as I understood you on Saturday, you said that you had no information from anybody about the subject matter of the note?

Mr. ESSARY. None whatever.

Mr. WHIPPLE. Or its purpose or underlying thought?

Mr. ESSARY. None whatever.

Mr. WHIPPLE. Or any information as to its nature?

Mr. ESSARY. Exactly.

Mr. WHIPPLE. And that you could not remember that any one of your associates gave you an idea or an inkling about it?

Mr. ESSARY. No.

Mr. WHIPPLE. But merely that a note of importance was to be given out by the State Department at 5 o'clock?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And later you learned that it was to belligerents and to neutral nations alike?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And that is all you know about it?

Mr. ESSARY. That is all I knew about it; yes, sir.

Mr. WHIPPLE. And then that you evolved from your own consciousness or that by your reasoning powers alone, you struck off this note, which was telegraphed to Hutton, because of the knowledge of the situation and conditions which you had?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Which you felt enabled you to forecast the substance of the note and state its underlying thought and purpose?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. And that was purely a mental process of reasoning and logical deduction from the events which had transpired, and the circumstances which surrounded the administration?

Mr. ESSARY. That is what I testified to on Saturday, and that is literally true.

Mr. WHIPPLE. So that you could forecast just what—or at least that it was merely a forecast—just what would be in the President's mind as a logical result of the events which had transpired and the circumstances by which he found himself surrounded. That is true, is it?

Mr. ESSARY. No. I don't say that I could forecast what is in the President's mind.

Mr. WHIPPLE. Didn't you understand that the note was to come from the President's mind?

Mr. ESSARY. I did not.

Mr. WHIPPLE. From the Secretary's?

Mr. ESSARY. From the Secretary of State.

Mr. WHIPPLE. Therefore you felt that the note coming from the Secretary of State, and being the result of his thought, and coming out of his mind, that you knew the events which had transpired and the circumstances with which the Secretary and the situation were surrounded so well that you could forecast the underlying purpose of the note and the substance of what it would be?

Mr. ESSARY. No; I made my own interpretation of what I believed it to be.

Mr. WHIPPLE. But purely as an inference?

Mr. ESSARY. Purely as an inference.

Mr. WHIPPLE. From the course of events up to that date?

Mr. ESSARY. Up to that time.

Mr. WHIPPLE. And the circumstances under which this administration was surrounded?

Mr. ESSARY. Exactly.

Mr. WHIPPLE. Did you know or understand that the information which you sent was to be acted upon by brokers in New York?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. What did you think it was being sent for to the brokers in New York?

Mr. ESSARY. I did not know what use would be made of it. I had no interest in what use would be made of it.

Mr. WHIPPLE. Do you mean to leave it with the committee that up to this time, although you had sent messages before, you had not the slightest idea of what use was to be made of these messages?

Mr. ESSARY. Not the slightest idea of what use was to be made of them.

Mr. WHIPPLE. You knew they were sent to stockbrokers?

Mr. ESSARY. I knew they were sent to the firm of Hutton & Co., certainly.

Mr. WHIPPLE. Did you know what their business was?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. You knew you were sending them from one stock broker's office to another?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Did you know that they used at all to guide activities in stock market transactions?

Mr. ESSARY. I really made no inference at all, as to what use was to be made of the thing. It was opinion on my part. It was conjecture on my part. To have been guided in a financial transaction by opinion on my part was assuming risk on their part.

Mr. WHIPPLE. You understood that they would simply accept this as the opinion of Mr. Essary. Whom no one of the people had ever seen, and of course whom they did not know?

Mr. ESSARY. Yes.

Mr. WHIPPLE. You had not the slightest idea that you were sending it in order that they might base upon it information to their customers?

Mr. ESSARY. They might perhaps; yes.

Mr. WHIPPLE. Then you contemplated the possibility that you were sending these things from one broker's office to another to enable the brokers who received it to regulate their activities in accordance with the facts as you have stated them, or with your opinion?

Mr. ESSARY. Well, I gave them—they are perfectly welcome to my opinion as to this particular proposition, for whatever use they might make of it. I will be perfectly frank about that.

Mr. WHIPPLE. Did you hear Mr. Ellis's testimony to-day as to his relying upon it, stating how reliable the information was?

Mr. ESSARY. I heard part of it. I did not get it all. What part do you refer to now?

Mr. WHIPPLE. The part of it in which he said that he regarded this information as reliable.

Mr. ESSARY. Yes.

Mr. WHIPPLE. And that he sent it broadcast to his customers all over this country to enable them or to influence them to sell their stocks and to avoid the disaster which would come from the publication of this note?

Mr. ESSARY. Yes.

Mr. WHIPPLE. You understood that, did you not?

Mr. ESSARY. Yes; that testimony was rather a revelation to me, also.

Mr. WHIPPLE. That is what I wanted to ask you. You had no idea that the information which you were giving from Washington with regard to this important note could have any such effect upon this broker's firm to which you were sending it?

Mr. ESSARY. None whatever.

Mr. WHIPPLE. You had never contemplated the possibility that if this statement was a correct forecast of what was coming, if it were—as it might be possibly assumed—inspired, that it would give to the firm to which it was sent, if they kept the knowledge exclusively, the opportunity—not that they did avail themselves of it—but the opportunity of selling all of their long stocks short to make, according as the market might go down, 2, 5, or 10 points, some millions of dollars?

Mr. ESSARY. I did not contemplate it for one second, sir.

Mr. WHIPPLE. Nothing of the sort?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. That is, you had supposed that these messages you were sending to Hutton & Co. were merely being used by Mr. Connolly to show that he was a man who had friends down here who could give opinions?

Mr. ESSARY. Rather that; yes, sir.

Mr. WHIPPLE. Rather that?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. And with not the slightest conception of the possibilities of its use if the forecast was accurate, as it appears it was believed to be?

Mr. ESSARY. I had no conception whatever of the possibilities of a matter of that sort.

Mr. WHIPPLE. Now, I will ask you to state to the committee what it was in the events that had transpired and what the circumstances were which surrounded the administration as a logical result of which you felt that the peace note might be what was stated in your telegram?

Mr. ESSARY. There was only one circumstance in the situation that led me to that conclusion. That was the circumstance of its having been addressed to the groups of nations—the belligerents on the one hand and the neutrals on the other. It seemed to me, when I began to think the matter over on this occasion, that any note that would be sent to both must have some bearing, near or remote, upon the question of peace—a question in which all were equally interested, and that was the one idea and the only idea in my mind which guided me in reaching that conclusion; an idea I assume that would

have impressed any one of a hundred newspaper men in Washington exactly the same way.

Mr. WHIPPLE. But you said more than that, did you not?

Mr. ESSARY. Very little bit more.

Mr. WHIPPLE. You did not say merely that it was a communication having to do with peace? Let us take up what you did say.

Mr. ESSARY. Very good.

Mr. WHIPPLE. You say you were informed "That a highly important message to all belligerents and neutrals has been issued from Washington." Now, your interpretation: "Interpreted not as pressure on belligerents on behalf of peace." Now, what was there in the circumstances surrounding the administration that made you think that the note was not a pressure on the belligerents in behalf of peace?

The CHAIRMAN. I do not think I quite caught one answer made by the witness, if you will pardon me, Mr. Whipple. How did you know that this note was addressed to the belligerents and the neutrals both?

Mr. ESSARY. That was the one circumstance that I heard discussed about it at the Press Club and at the Press room.

The CHAIRMAN. How did they know that, because the note had not been given out?

Mr. ESSARY. Since this incident I learn that the Secretary of State said that—said as much.

The CHAIRMAN. I had not understood that, that he was going to give out a note that afternoon, but not to whom it was addressed.

Mr. ESSARY. To both groups.

The CHAIRMAN. I did not recollect his testimony that way.

Mr. WHIPPLE. May I call your attention to page 68? I do not know whether it is referred to elsewhere, but on page 68 the Secretary says that "I told them this in confidence because I was afraid that the contents of this communication, which was addressed to all the belligerent countries, would come back by telegraph from Europe in a garbled form and that I did not wish it made public on that account; and furthermore, that it was courtesy that it should not be published in any form, or any knowledge of it given out, until received by all the countries to whom it was addressed. I stated to them that the communication was, as I said, to all the belligerents, but it did not contain proposals for peace or an offer of mediation."

The CHAIRMAN. That is my recollection, that it was addressed to belligerents, but not to neutrals.

Mr. WHIPPLE. Did the Secretary say that a copy was sent to neutrals?

The CHAIRMAN. I can not recall that he did.

Mr. LENROOT. The Secretary did not, but one of the newspaper men did.

Mr. ESSARY. My information is that it was going to both. I probably, to that extent, was misinformed.

Mr. WHIPPLE. Will you now read the question?

(The stenographer here read the following question.)

You say you were informed that a highly important message to all belligerents and neutrals has been issued from Washington. Now, your interpretation "Interpreted not as pressure on belligerents in behalf of peace." Now, what was there in the circumstances surrounding the administration that made you think that the note was not a pressure on the belligerents on behalf of peace?

Mr. WHIPPLE. Will you answer that, please?

Mr. ESSARY. The only circumstance that I can fix in my mind was that a communication addressed to two groups would not be probably a pressure upon the one group.

Mr. WHIPPLE. Why did he not put pressure on both of them?

Mr. ESSARY. A mere matter of guesswork, or reasoning on my part. I had no knowledge. I am trying to assure you that I had no knowledge of this kind.

Mr. WHIPPLE. I am asking you to give your statement fully as to the course of events and the circumstances surrounding the administration that logically led you or that led you to the logical result that the paper was not pressure on belligerents in behalf of peace. Have you said all that you can on that?

Mr. ESSARY. Yes.

Mr. WHIPPLE. That is, because it was addressed to both?

Mr. ESSARY. Yes.

The CHAIRMAN. Mr. Whipple, just a moment. I do not want to do the witness any injustice. The Secretary of State did not make any statement that the note was addressed to all belligerents and neutrals, but Mr. Jamieson, a newspaper man did make this statement: "Why, as I recall it now, he said that the American Government had sent a note to all the belligerents and that copies of the note had been handed to all the neutral powers also, and said that the note was not a peace proposal nor an offer of mediation, but that it did relate to the right of—I have forgotten his phraseology—but he indicated that it related to neutral rights in the war."

Mr. WHIPPLE. Well, at all events, you have stated that all the things that surrounded the administration as a logical result of which you said that the note could not be a pressure on belligerents on behalf of peace, "But as an opportunity to put American demands on record to be considered if there is peace." Now, what was there in the circumstances surrounding the situation, surrounding the administration, and of events that had occurred that was the basis of that conclusion?

Mr. ESSARY. Nothing of a tangible nature.

Mr. WHIPPLE. Well, can you suggest anything intangible, because you must have had some basis for a logical inference when you say you based it upon events that had transpired and the circumstances that surrounded the Secretary of State and the administration?

Mr. ESSARY. The only circumstances were simply the general atmosphere or general knowledge which one gets of these matters from daily touch with them, as I have been for the past two years.

Mr. WHIPPLE. Now, what was there in the atmosphere that one gets from the daily touch—

Mr. ESSARY (interposing). I can not put my finger on any tangible circumstance, I may say to counsel.

Mr. WHIPPLE. Then, when you get right down to it, you can not point out an event or any succession of events?

Mr. ESSARY. I have not undertaken to.

Mr. WHIPPLE. On the basis of which or as the result of which this was the logical conclusion, nor can you state anything in the situation which surrounded the Secretary of State or the administration on which you base it?

Mr. ESSARY. I do not undertake to.

Mr. WHIPPLE. Very well. Now, let us take the next. "A warning that neutral rights must not be further encroached upon." Now, what was in the succession of events with which you are familiar and in which facts and circumstances surrounding the situation and the Secretary of State on which you base the logical deduction that that note must be or contain a warning that neutral rights must not be further encroached upon? Can you state any event?

Mr. ESSARY. No definite event or no definite circumstance.

Mr. WHIPPLE. Well, I desire to point out to you that, while you have made the general statement that the knowledge of events that had transpired and the knowledge of the circumstances which surrounded the situation and surrounded the administration warranted that logical deduction, yet you have not given a circumstance when pressed, and it appeared to be merely a glittering generality which you state as a basis really for a logical conclusion?

Mr. ESSARY. Yes, rather.

Mr. WHIPPLE. And you admit practically when pressed for a statement of real events and real facts on which you base your deduction, you have nothing but a glittering generality?

Mr. ESSARY. That is about all.

Mr. WHIPPLE. Then you say "Full text will be given out to-night and will be looked on as a move of great moment." That was authentic, because you had learned that the full text was to be given out that night?

Mr. ESSARY. Yes.

Mr. WHIPPLE. So that you knew you were sending a forecast of an important paper which the Secretary of State was not going to give to the newspapers until 5 o'clock to a stock-broking firm in New York?

Mr. ESSARY. I did not know that I was giving a correct forecast. I was giving my own view of what this thing probably was.

Mr. WHIPPLE. You were giving a statement that Secretary Lansing was to give out something at 5 o'clock?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And giving it to a stock-brokerage firm?

Mr. ESSARY. Yes.

Mr. WHIPPLE. And you were giving what you admitted to have—what was a forecast of what it contained? That is right, is it not?

Mr. ESSARY. Certainly.

Mr. WHIPPLE. Based, as said on Saturday, upon certain conditions and certain circumstances in the situation, but as you admit now based purely upon a glittering generality in your own mind?

Mr. ESSARY. That is right, except I did not say "glittering generality." Upon various generalities in my own mind. You used the term.

Mr. WHIPPLE. Yes, I used the term, and finally that this succession of events and surrounding circumstances became in your mind a glittering generality, and you assented, did you not in your previous answer.

Mr. ESSARY. If I did not, I am willing to now.

Mr. WHIPPLE. Now, what was there in those circumstances or in the events that had transpired which led you to believe that it was not an offer of mediation?

Mr. ESSARY. The mere fact that repeatedly it has been intimated all over Washington that the President had no idea of mediating in

the situation, and I assumed from those intimations which were current all over Washington and had been for weeks, that the time was not ripe when the President would mediate, and that this itself was not a matter of mediation.

Mr. WHIPPLE. Did not you know at the time that Secretary Lansing said in so many words that it was not an offer of mediation?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. You had not even heard that?

Mr. ESSARY. No, sir; I had not heard that.

Mr. WHIPPLE. But you divined, in sending this, without knowing that Secretary Lansing said that it was not an offer of mediation, that from the logic of circumstances and events it could not be?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Did you send any messages regarding this to any other newspapers?

Mr. ESSARY. I did not.

Mr. WHIPPLE. Or anybody else except Mr. Ellis?

Mr. ESSARY. No.

Mr. WHIPPLE. Are you a correspondent for or a representative of any other journal?

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. What?

Mr. ESSARY. The New Orleans Item, the Richmond Times-Dispatch, and the Boston Journal.

Mr. WHIPPLE. Did you secure from the Secretary of State at or about 5 o'clock, or cause to be secured, copies for those papers?

Mr. ESSARY. I did not.

Mr. WHIPPLE. Who did?

Mr. ESSARY. I do not know.

Mr. WHIPPLE. What other representative did those papers have here?

Mr. ESSARY. They probably relied upon the Press service.

Mr. WHIPPLE. You mean the Associated Press?

Mr. ESSARY. Yes, or whatever service they had.

Mr. WHIPPLE. It was not a part of your duty to get it?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. And you made no offer to?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. And to no one of those papers did you communicate anything with regard to this matter?

Mr. ESSARY. Not a line.

Mr. WHIPPLE. Your sole communication was to this stock brokerage firm?

Mr. ESSARY. Yes, sir.

Mr. CAMPBELL. Mr. Essary, you knew that Mr. Connolly claimed to be the author of this telegram, did you not?

Mr. ESSARY. Well, I heard from the press or the newspapers that he had written a telegram to his correspondents to the same effect, or about the same effect.

Mr. CAMPBELL. He claimed and contended under very rigid cross examination for a period of perhaps three or four hours that he was the author of a telegram upon which this was based and wrote out in the presence of the committee a telegram that he said was his best recollection of what he had put on the wire?

Then he was shown the telegram here, and he said that the telegram sent out by Mr. Ellis was really a better abstract of what he had sent than what he had written there at the table for the committee. Did you talk with Mr. Connolly before or after you wrote your telegram about its contents?

Mr. ESSARY. No, sir; I had no conversation with him at all.

Mr. CAMPBELL. Do you know whether or not he knew you had sent yours?

Mr. ESSARY. I do not.

Mr. CAMPBELL. Mr. Connolly stated substantially as you have, that he wrote the message from his knowledge of the international situation, and the questions as they affected Washington. In addition to that, he stated that he had heard the President's Gridiron speech, and that he devined his mind there, and probably wrote the telegram based upon what the President had said in his Gridiron speech. Did you hear the President's Gridiron speech?

Mr. ESSARY. Yes, sir.

Mr. CAMPBELL. Did that aid you in divining what was to be in this note?

Mr. ESSARY. Not consciously; no.

Mr. CAMPBELL. Well, you do not think it strange, do you, that it strikes members of the committee and others as rather out of the ordinary that a message should give such a contemplation of the President's note to the powers without having any information whatever from any sources as to what the note really contained?

Mr. ESSARY. Why, I have never regarded that as a very astute piece of work, if I may use that term. I think that most any newspaper man in town could have reasoned it out in the same direction, so far as it went.

Mr. CAMPBELL. Have you ever tried condensing well digested literature, such as this note of the Secretary's to the powers?

Mr. ESSARY. Have I ever tried——

Mr. CAMPBELL (interposing). Ever tried condensing and making a cameo of it in condensation, or in a phrase of a few sentences?

Mr. ESSARY. I do that practically every day of my life.

Mr. CAMPBELL. But you always have the matter before you. You have listened to the report of the committee or the address of the President, or something of that sort, in order to do this, have you not?

Mr. ESSARY. Certainly. As a rule, yes, of course.

Mr. CAMPBELL. The thing that strikes as rather strange—and I think you will appreciate it—is that this condensation should be made without having heard or seen the note of which it is a condensation?

Mr. ESSARY. But it is my literal statement, my deliberate statement upon my oath that I saw no statement, and that I knew nothing of the contents of that note.

Mr. CAMPBELL. Did you read what Mr. Baruch said about the note?

Mr. ESSARY. No, sir.

Mr. CAMPBELL. He stated that if he had known of it, he would have commenced selling early in the morning and would have sold constantly and hard all day. That was his appreciation of its value as a stock note. You say you had no appreciation of its value whatever in that connection?

Mr. ESSARY. None whatever.

Mr. CAMPBELL. Although you sent it to this stock firm?

Mr. ESSARY. Yes.

Mr. CAMPBELL. I believe that is all.

Mr. GARRETT. I think what Mr. Baruch said was if he had seen that statement and known that it was true, that he would——

Mr. CAMPBELL (interposing). I do not think he said if he had known that it was true.

Mr. GARRETT. He said that if he had had that information.

Mr. CAMPBELL. Yes; the information that was in the note?

Mr. GARRETT. That means if he had had it as information?

Mr. CAMPBELL. Or if he had seen the note, I think.

Mr. LENROOT. Has the Baltimore Sun an afternoon edition?

Mr. ESSARY. Yes.

Mr. LENROOT. And your bureau supplies news for both editions?

Mr. ESSARY. Yes, sir.

Mr. LENROOT. With reference to these other papers that you spoke of, are they morning papers?

Mr. ESSARY. Two are. One is an afternoon paper.

Mr. LENROOT. Which one?

Mr. ESSARY. Which is the afternoon?

Mr. LENROOT. Yes.

Mr. ESSARY. The New Orleans Item.

Mr. LENROOT. Will you tell the committee why, if you did not regard this as confidential, that you did not send to the Baltimore Sun the same information that you sent to Hutton & Co.?

Mr. ESSARY. I did not have any news, Congressman, confidential or otherwise, to send or to offer. I had merely the results of maybe two or three conversations that I held earlier in the morning or listened to earlier in the morning. I received no announcement from any source, and I had no news from any source.

Mr. LENROOT. Then, will you tell the committee why you advised Mr. Reynolds—let me finish the question—why you advised Mr. Reynolds to give the New York Sun the information and you did not give it to your own paper?

Mr. ESSARY. He asked me whether or not, as I recall, whether he should notify his office that there would be a message—not the contents of the message or any part of it, so far as I recall.

Mr. LENROOT. And you advised him to do so?

Mr. ESSARY. I did, certainly.

Mr. LENROOT. Why did you not so advise your own afternoon papers?

Mr. ESSARY. My own afternoon papers are papers that take practically nothing from me whatever except pure local news, news local to their territory.

Mr. LENROOT. Did you know that the New York Sun that evening did carry a mention of the peace note?

Mr. ESSARY. I learned later that it did.

Mr. LENROOT. You sent these wires to Hutton & Co., but you did not consider that as reliable enough to even to send to your afternoon papers as a matter of news. Do you want this committee to understand that?

Mr. ESSARY. I did not send to any newspaper at all anything about it.

Mr. LENROOT. Do you mean to say to this committee that if you had not understood that this was a confidential matter, that you would not have sent it to your afternoon papers?

Mr. ESSARY. Under no circumstances would I send anything to my afternoon papers except the purest local news of our territory.

Mr. LENROOT. If you had sent the fact that the note was to be issued to your own papers, they would have published it in the afternoon editions, would they not?

Mr. ESSARY. I do not know whether they would or not.

Mr. LENROOT. You know the hour? It was between 11 and 12?

Mr. ESSARY. My Baltimore paper is printed a little after 1 o'clock.

Mr. LENROOT. Do you mean to say, Mr. Essary, that the news that the Secretary of State was to issue a statement to the belligerents and neutrals was not news of sufficient importance to send it to your afternoon papers if there was no confidence involved?

Mr. ESSARY. It was not of sufficient importance as news for me to send to my afternoon papers.

Mr. LENROOT. You make that statement deliberately to this committee?

Mr. ESSARY. I do, deliberately.

Mr. LENROOT. Whom did you first tell, after the 20th of December, of the sending of this telegram to Hutton & Co.?

Mr. ESSARY. No; I do not recall, Congressman, who it was.

Mr. LENROOT. You do not recall telling anybody?

Mr. ESSARY. I do not recall telling anybody anything.

Mr. LENROOT. From that time to this?

Mr. ESSARY. No.

Mr. LENROOT. You have never discussed it with anybody?

Mr. ESSARY. I do not recall it.

Mr. LENROOT. Have you ever told Mr. Connolly?

Mr. ESSARY. I do not recall even telling Mr. Connolly.

Mr. LENROOT. You never have told Mr. Connolly that you sent this telegram?

Mr. ESSARY. I assumed that Mr. Connolly knew it.

Mr. LENROOT. Why did you assume that?

Mr. ESSARY. From his testimony before this committee.

Mr. LENROOT. From what testimony before this committee? Had you a right to make any such assumption?

Mr. ESSARY. From his testimony that he sent this same telegram.

Mr. LENROOT. But he sent that and signed it

Mr. ESSARY. Yes; but I assumed that he had merely taken my memorandum that I had given him and written his own memorandum from it. I do not know what he testified about, but I have the general idea that he testified to sending a telegram of his own substantially to the same effect as this.

Mr. LENROOT. So you would now think that you would like the committee to believe that your telegram was not the one sent to Hutton & Co. at all?

Mr. ESSARY. No; I do not say that. I sent my own telegram or carried it in there to be given to Mr. Connolly.

Mr. LENROOT. And during this three or four weeks that this matter has been under investigation and during all of this time that this question of a telegram from Connolly & Co. has been under discussion,

and your very intimate relations with Mr. Connolly, you say to this committee you have never mentioned this fact to Mr. Connolly?

Mr. ESSARY. I do not recall mentioning the fact of having sent this telegram.

Mr. LENROOT. Do you think that you have not?

Mr. ESSARY. I say I do not recall having made it.

Mr. LENROOT. If you had mentioned it to him, a matter that has been of such great importance to you as this, don't you think you would recall it?

Mr. ESSARY. That is asking for opinion.

Mr. LENROOT. What is your opinion?

Mr. ESSARY. I have no opinion on that. I will testify to any fact or circumstance that I know anything about, but my own opinion, I do not think the Committee really requires that.

Mr. LENROOT. Have you discussed this matter with Mr. Connolly at all, Mr. Essary?

Mr. ESSARY. This matter?

Mr. LENROOT. Yes; this general matter of Connolly & Co. being involved in this investigation.

Mr. ESSARY. I discussed it one time.

Mr. LENROOT. When.

Mr. ESSARY. Early to-day.

Mr. LENROOT. That is the first time?

Mr. ESSARY. Yes, sir.

Mr. LENROOT. Notwithstanding your very intimate relations with Mr. Connolly?

Mr. ESSARY. I discussed it with him to-day when I——

Mr. LENROOT (interposing). This is the first day you have discussed this matter with him in any way, shape, or form whatsoever, and you have adjoining offices, and the subject of this investigation by this committee has never been alluded to between you and Mr. Connolly?

Mr. ESSARY. I have never discussed this matter with Mr. Connolly.

Mr. LENROOT. The subject of this investigation has never been discussed between you and Mr. Connolly?

Mr. ESSARY. I do not say that. I thought you referred to this memorandum here.

Mr. LENROOT. What discussion have you had with Mr. Connolly about this investigation?

Mr. ESSARY. I do not recall the substance of any conversation I had directly with him. I think it has been mentioned in passing more than once.

Mr. LENROOT. Has not this matter been on your mind pretty heavily, the fact of you having sent this telegram to Hutton & Co. on the 20th of December, all of the time?

Mr. ESSARY. Yes; it has been on my mind.

Mr. LENROOT. Is it possible that you would discuss this matter with Mr. Connolly and can not recall any conversation you had with him?

Mr. ESSARY. I have not discussed the matter in any specific detail with Mr. Connolly at all.

Mr. LENROOT. Did you see Mr. Connolly when he returned from New York?

Mr. ESSARY. I myself have been ill at my home for about 10 days until about 3 or 4 days ago, when I was able to get out.

Mr. LENROOT. Did you ever discuss with Mr. Connolly his testimony in New York?

Mr. ESSARY. No, sir.

Mr. LENROOT. He never told you what he testified to?

Mr. ESSARY. No; I saw it only in the daily papers.

Mr. LENROOT. And you say you had a conversation with Mr. Connolly this morning?

Mr. ESSARY. Yes; I had a brief conversation with Mr. Connolly this morning.

Mr. LENROOT. What was that conversation.

Mr. ESSARY. That had to do with this statement.

Mr. LENROOT. What was the conversation?

Mr. ESSARY. I told him I wanted to read that statement and I wanted to know if it coincided with his recollection of my association with him, and he agreed that it did.

Mr. LENROOT. And the sending of the telegram by Hutton & Co. to you?

Mr. ESSARY. That part of it he did not mention specifically.

Mr. LENROOT. Did he mention anything specifically?

Mr. ESSARY. No; I read the statement to him.

Mr. LENROOT. You read the statement to him and he assented to it as being correct?

Mr. ESSARY. As being correct.

Mr. LENROOT. So that the sending of this telegram, being embodied with other things in this statement, Mr. Connolly admitted that that was correct, that you sent that telegram; is that true?

Mr. ESSARY. He made no exception to my statement to that effect.

Mr. LENROOT. Did he state to you that he had sent that telegram, to-day?

Mr. ESSARY. No; he did not say that he had or had not, or that he had sent any of his own or had not. He said nothing to-day about the telegram.

Mr. LENROOT. You do not think it at all remarkable, having in mind your very intimate relations with Mr. Connolly, that to-day is the first date since the 20th of December that you have had any conversation with him on the subject of this telegram?

Mr. ESSARY. I say that I have not. I do not say that it was not remarkable that I had not.

Mr. LENROOT. Do you think that it was?

Mr. ESSARY. It may be somewhat remarkable.

Mr. LENROOT. Under all the circumstances, not so amazingly remarkable; no.

Mr. LENROOT. Have you any other business than as a newspaper correspondent?

Mr. ESSARY. None at all.

Mr. LENROOT. No other source of income?

Mr. ESSARY. None whatever.

Mr. BENNET. Were you not at one time connected with indexing the Congressional Record?

Mr. ESSARY. No, sir.

Mr. BENNET. Or the Congressional Directory?

Mr. ESSARY. No, sir.

Mr. BENNET. Have you ever had any other position in Washington other than that as a newspaper correspondent?

Mr. ESSARY. None; except my magazine connections. I have written for certain magazines, but it is a part of my business as being a correspondent, of course.

Mr. BENNET. You write for various magazines?

Mr. ESSARY. I have, yes, sir; but all of my source of income is from my work as a newspaper correspondent.

Mr. BENNET. And while you do not profess any particular proficiency in financial matters, there is no question that you know the newspaper business, is there?

Mr. ESSARY. You ask me that question?

Mr. BENNET. Yes.

Mr. ESSARY. I hope I do. I have been able to live in it for 15 years.

Mr. BENNET. And therefore you knew that, when you released this matter over the Hutton wire, and thus gave them the opportunity to use it as they pleased, that if they used it in such a way that it got in the evening editions of newspapers it largely killed the news value of the story for the morning papers?

Mr. ESSARY. I did not figure that far ahead at all.

Mr. BENNET. Don't you know as a newspaper man that there is a rivalry between evening and morning papers?

Mr. ESSARY. Certainly.

Mr. BENNET. Don't you know that an evening paper, if it gets a description of a paper, and the morning paper publishes the paper in full, that the fact that the evening paper has had a description of it seriously reduces the news value of the complete copy of the paper in the morning edition?

Mr. ESSARY. To some extent; yes.

Mr. BENNET. That is a newspaper axiom, is it not?

Mr. ESSARY. Oh, yes.

Mr. BENNET. And the evening newspapers then fight for things that can not come out in the morning. You know that?

Mr. ESSARY. They often do.

Mr. BENNET. And therefore representing morning papers, did you think it was consummate with newspaper honor to trust to a firm in New York City that you knew nothing about valuable information that they could put in the evening papers and kill the news value of the morning papers which you represent?

Mr. ESSARY. Mr. Congressman, I did not figure on it that far.

Mr. BENNET. You did not think about that?

Mr. ESSARY. No; I gave that phase of it no thought whatever.

Mr. BENNET. You did not think anything about the use that might be made of this in the stock market?

Mr. ESSARY. I did not.

Mr. BENNET. What did you think?

Mr. ESSARY. I just simply recalled having given a pure opinion a week before to the effect that I did not believe that there would be such a note, and I undertook to correct that as best I could, and drafted a little memorandum, the burden of which is contained in the telegram that counsel there has read to you.

Mr. BENNET. Mr. Price also sent this information out and also to a stock brokerage office, to Mr. Aldrich?

Mr. ESSARY. Yes.

Mr. BENNET. His sources of information were substantially the same as you have described yours to have been, were they not?

Mr. ESSARY. I do not know.

Mr. BENNET. He said he got it from the general talk in the press room at the White House.

Mr. ESSARY. The talk must have been general.

Mr. BENNET. That is where you say you first heard of it?

Mr. ESSARY. That is where I first heard of it; yes, sir.

Mr. BENNET. How do you account for the fact that the description of the forthcoming note that Price sent to Chicago and which was the basis of the telegram of Clement, Curtis & Co. differs so materially from the telegram that you sent Hutton & Co.?

Mr. ESSARY. Two men thinking along different lines, perhaps.

Mr. BENNET. You attribute that entirely to the difference in deduction?

Mr. ESSARY. Undoubtedly. I do not know what else, unless he had information that I did not.

Mr. BENNET. And you do not think that the circumstance that your message to a curious degree gives one a picture of the note, ought to cause any question to arise in the minds of the committee at all?

Mr. ESSARY. Well, that is again asking for an opinion from me as to what I think the committee ought to do.

Mr. BENNET. Now, you have known Mr. Connolly for some time?

Mr. ESSARY. Yes, sir.

Mr. BENNET. And your families associate?

Mr. ESSARY. Yes, sir.

Mr. BENNET. What is your opinion of Mr. Connolly's reputation for truth and veracity?

Mr. ESSARY. It is very good.

Mr. BENNET. He said that he evolved this message from customers' recollection, and when he came before the committee in New York City he even attempted to reconstruct the note as he had written it. Now, do you believe it is humanly possible that both you and he could have written the same note?

Mr. ESSARY. I do not like to express an opinion of that point.

Mr. BENNET. Well, of course, the committee has got to express an opinion.

Mr. ESSARY. I knew you have, but you would hardly expect a witness under oath to express an opinion.

Mr. BENNET. If Mr. Connolly said he constructed this note which you have testified you sent, then he is not stating the truth, is he?

Mr. ESSARY. Unless he constructed it from my notes, perhaps.

Mr. BENNET. Well, you said that Connolly was not there.

Mr. ESSARY. I did not say that he was not there, but he was not there when I went in and handed the note.

Mr. BENNET. You handed the note to the telegraph man?

Mr. ESSARY. Yes, sir.

Mr. BENNET. And he sent it on to New York?

Mr. ESSARY. I do not know that he did. I merely suggested it to him.

Mr. BENNET. You suggested to him that he send it on to New York?

Mr. ESSARY. Yes, sir.

Mr. BENNET. As I understand it, the telegraph man came on here and said that he did send it.

Mr. ESSARY. Yes, sir.

Mr. BENNET. Now, Mr. Connolly said that he constructed it from two or three things, that it was an amplification in his own mind of the stock flash, that it was customers' gossip, and that it was his recollection of the President's Gridiron dinner speech, which had formed an indelible impression upon his plastic mind. Now, your statement is that you wrote the note?

Mr. ESSARY. I wrote a memorandum and handed it to the reporter.

Mr. BENNET. This is the same note that Connolly said he wrote in New York. We showed him the note and he said that was his note. Now, you can not both be telling the truth, can you?

Mr. ESSARY. No.

Mr. BENNET. No. I thought not. That is all.

Mr. POU. I want to ask the witness one or two questions. Mr. Essary, at the time you gave your source of information, if I understood you correctly, it was discussion and gossip that was going around in the press room at the White House?

Mr. ESSARY. Yes, sir.

Mr. POU. How many newspaper men do you suppose were in that room at that time?

Mr. ESSARY. I do not know, Congressman. There may have been a half a dozen or more, even to a dozen. It is the time of day when a great many newspaper men group there, a great many newspaper men gather there, just between 11 and 12 each day, coming in from the departments, and there may have been as many as a dozen there.

Mr. BENNET. They knew just about as much about it as you or Mr. Price?

Mr. ESSARY. Yes, sir.

Mr. POU. You were all engaging in the discussion because you considered it an important matter?

Mr. ESSARY. Yes, sir.

Mr. POU. Have you heard of any of these other gentlemen sending out information?

Mr. ESSARY. No, sir.

Mr. POU. Out of all the gentlemen of the press that were in the room at the time, you and Mr. Price were the only ones who considered it of sufficient importance to wire it in?

Mr. ESSARY. As far as I know.

Mr. POU. That is all.

The CHAIRMAN. I believe Mr. Patten wants to ask some questions. Did you want to ask anything, Mr. Patten?

Mr. PATTEN. Yes; if I could. Mr. Essary, you wrote this note that was on this telegram?

Mr. ESSARY. I wrote a memorandum, the general burden of which is the same as that. That is not identical with his.

Mr. PATTEN. Mr. Connolly favored us with a reconstruction of the note in New York. Would you mind writing it?

Mr. ESSARY. I could not undertake to write it, Congressman. I tried it here on Saturday and it—

Mr. PATTEN (interposing). Well, why not?

Mr. ESSARY. Well, I could repeat that, of course.

Mr. PATTEN. You know it by heart?

Mr. ESSARY. Having heard it read to me and having heard it read in this room repeatedly, I could probably write that.

Mr. PATTEN. Well, write that.

Mr. ESSARY (after writing), That is as near as I can recall it.

Mr. PATTEN. Are you acquainted with any employees in the State Department?

Mr. ESSARY. Any employee?

Mr. PATTEN. In the State Department?

Mr. ESSARY. Oh, a few of the officials; none of the employees.

Mr. PATTEN. None of the employees at all?

Mr. ESSARY. No; I have a speaking acquaintance with the private secretary to the Secretary of State.

Mr. PATTEN. Just a mere casual acquaintance?

Mr. ESSARY. That is all.

Mr. PATTEN. You know no one who has access to any information at the State Department?

Mr. ESSARY. Oh, I know some of the bureau chiefs in the State Department. I know the chief clerk; I know the Secretary, the Assistant Secretaries, the counselor; I did know Mr. Johnson——

Mr. PATTEN (interposing). But none of those people officially classified as employees?

Mr. ESSARY. You could hardly regard them as employees. I know none of the clerks of the State Department except the chief clerk.

Mr. PATTEN. That is all.

The CHAIRMAN. Then you can stand aside for the present, Mr. Essary. The committee will resume with you in the morning at 10 o'clock.

Mr. ESSARY. All right, sir.

The CHAIRMAN. And Mr. Reynolds will come around.

TESTIMONY OF MR. STANLEY MEADE REYNOLDS.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Reynolds, will you state your full name?

Mr. REYNOLDS. Stanley Meade Reynolds.

Mr. WHIPPLE. Where do you reside?

Mr. REYNOLDS. In Washington.

Mr. WHIPPLE. Are you the representative here of some metropolitan journal?

Mr. REYNOLDS. The New York Evening Sun.

Mr. WHIPPLE. How long have you represented it?

Mr. REYNOLDS. I represented them temporarily for a period between about the middle and the end of the first week in December, until January 1. At that time they had no regular representative here, and the understanding was that I should fill in there until their regular representative was appointed. They then asked me on January 1 to continue permanently until further notice.

Mr. WHIPPLE. Now, the committee may wish to ask some other questions to-morrow, but I will ask you now to state in your own way to the gentlemen of the committee what you remember being

said at the time of the announcement by Mr. Secretary Lansing, what you did afterwards, and your subsequent conversation with the last witness, Mr. Essary.

Mr. REYNOLDS. On December 20 at 11 o'clock the newspaper men went, as customarily, to the Secretary of State's office. He came out and opened the conversation by stating that he had an important piece of information to give us of a confidential nature. He said that the United States Government had addressed to the belligerents on both sides a communication relating to the interests of neutral Governments growing out of the war. He said it was not a peace note; was not an offer of mediation; and had nothing whatever to do with the German overtures which were then pending; and he said that he was giving this to us with the understanding that nothing should be published about the matter.

As I recall, somebody in the group—one of the newspaper men—reminded him of the fact that we could not in Washington control all the possible sources of news on this—I neglected to state that he said he had sent this note Tuesday morning, and his attention was called to the fact that it was a matter of a few hours getting it to Great Britain and to other countries that were in easy communication with the United States, and that it was very possible that the information might get back in some form from these capitals. He said, "That is precisely the reason I am telling you, because I do not want any garbled account published." And then he said, also, "And my reason also for not wanting any premature announcement of this is that it would be a discourtesy to those Governments farthest removed from the United States which might not get the communication before such announcement was made from this end."

As I recall, that was about the whole of the conversation that we had with him. It left me, and I fancy a good many other of the newspaper men, in rather an embarrassing position. On one hand we were confronted by the problem of keeping our papers from printing anything, and on the other hand we could not send out anything from this end.

I went down from the State Department to the Capitol, all the time mulling this thing over in my mind. I might say that I understood that we were at liberty to communicate the fact to our offices with the specific instructions that it was not to be used in any form.

Now, that was December 20. As I say, I had been connected with the Evening Sun, and then only in a temporary capacity, for a matter of perhaps two weeks. I had never met any of the editors of the Evening Sun at that time. I did not know the people up at that end, and to be perfectly frank, I did not know exactly how far I could go in imparting this information to persons that I did not know.

I debated the matter in my mind some time and then decided to call up Mr. Essary. Mr. Essary and I have been friends for a matter of 10 years. We worked together over in Baltimore and I knew him personally, and my family knows his family. He was in Washington before I came here, and I have always been in the habit of looking to him more or less for advice.

I called him up, as I recall, about somewhere between a quarter after 12 and half-past 12. As near as I can reconstruct it—and I

hope you will pardon me for the somewhat roughness of the language—I said: “Fred, I am in a hell of a jam;” I said, “The Secretary of State this morning gave to the bunch, or told the bunch that he had sent a note to the belligerents on both sides, affecting the relations of the neutrals, growing out of the war.”

I do not know whether I went thoroughly into the details of the conversation. I do not think I did. I think I sketched briefly what his statement to us was. “Now,” I said, “if I put this thing on the wires—this message on the wires—to New York, it has got to pass through a number of hands. My impulse is to call them up by telephone, to call Mr. Smith, the managing editor, up by telephone,” and I asked him didn’t he think that was the wiser way. He agreed with me that it was.

I was put in touch directly with Mr. Smith, I repeated to him precisely what had occurred, and while talking to him the thought came to my mind that for my own protection it might be just as well, after I finished my conversation, to make a memorandum of just what I had said. I made that memorandum, which I now have with me. I might say that the same memorandum I showed later in the evening to Mr. Hills, Mr. Lawrence Hills—we call him Larry, but I suppose it is Lawrence—the head of the Morning Sun bureau, just for him to bear in mind that I had such a memorandum. Now, that memorandum I have been keeping ever since. May I read it?

Mr. WHIPPLE. I think so; I think he may, Mr. Chairman.

The CHAIRMAN. Oh, yes.

Mr. REYNOLDS (reading):

At 12.45 to-day, December 20, I talked over the long-distance telephone with George M. Smith, managing editor of the New York Evening Sun, and said to him in substance as follows:

“Secretary of State Lansing called the newspaper correspondents into conference at 11 o’clock to-day, and, pledging them not to publish in any way the information he was about to disclose, informed us that the United States had addressed to all the belligerent powers a note setting forth what this Government regards as the interests of all neutral nations in the conditions growing out of the present war. The text of this communication, he said, would be made public to-night for publication in the morning papers only. Mr. Lansing pledged us not to publish anything which would even hint of the matter pending the publication in the morning papers. He assured us that the note had no bearing whatever on the peace proposal of Germany and was not an offer of mediation. Copies of the note, he said, had been sent to all other neutral powers.”

I told Mr. Smith that we had called Mr. Lansing’s attention to the possibility that information concerning the communication might come to the afternoon papers from the capitals to which it had been addressed. Mr. Lansing, I stated, expressed appreciation of this possibility, but still insisted that we keep the agreement not to send out anything from this end. Mr. Smith stated that the Evening Sun would respect the pledge I had given, and was willing to trust to other papers doing the same.

The CHAIRMAN. Do you want to keep that original? It is read into the record.

Mr. REYNOLDS. I thought perhaps you might want to question me concerning it.

The CHAIRMAN. Well, counsel might; I do not know.

Mr. WHIPPLE. The only thing that occurred to me that I should like to ask to-night is this: As to what you said to Mr. Essary in summarizing what the Secretary of State had said with regard to this thing being kept in confidence.

Mr. REYNOLDS. Well, I explained to him, as I—well, it is not necessary to repeat my opening statement again, but I explained to him

that I was in a jam over it; that the Secretary had given us this information.

Mr. WHIPPLE. Did you say he had given it in confidence?

Mr. REYNOLDS. My impression is that I did. I certainly had that in mind, and that we had agreed, as I recall now—I said that we had gotten this thing in confidence and that I was in this situation where I was a new man on the Evening Sun, and I was not sure of all the persons up there; that is to say, and I do not want to be regarded as casting any reflection upon the people up in New York, but I was looking out for my own protection. That is what I was thinking about, and that I did not know these people that I would have to communicate this to. I thought that perhaps it was better to telephone direct to Mr. Smith, the managing editor, rather than to trust the information to the wires.

Mr. WHIPPLE. That is, it was more likely to keep it in strict confidence?

Mr. REYNOLDS. That was my idea back of it.

Mr. WHIPPLE. And what did you ask his advice about?

Mr. REYNOLDS. I asked him whether he thought that that was not the proper way, or the wise plan to pursue.

Mr. WHIPPLE. That is, to telephone it so as to restrict the possibilities of any one knowing it outside and breaking the confidence?

Mr. REYNOLDS. Yes, that was my idea.

Mr. WHIPPLE. Rather than telegraph it where several people would see it, one of whom might break the confidence?

Mr. REYNOLDS. That was my idea.

Mr. WHIPPLE. And he said after that explanation that he thought it was better for you to telephone it?

Mr. REYNOLDS. Yes, sir.

Mr. WHIPPLE. After you had made it clear to him that you would telephone rather than telegraph so as to make it so much more sure that the strict confidence in which it had been given you was not violated?

Mr. REYNOLDS. Yes, sir; that was my idea.

Mr. WHIPPLE. That is all I care to ask to-night, and probably at all.

The CHAIRMAN. Any questions?

Mr. LENROOT. No.

Mr. BENNET. I would like to ask one question. It is considered a part of the ethics of the newspaper corps over here, is it not, that when a public official makes a confidential communication to the corps, that any member of the corps who is there has a right to give that information to any member who is absent, but that the implication of confidence goes with the communication?

Mr. REYNOLDS. The practice is often followed, Mr. Bennet, that newspaper men here have friends among the newspapers men who attend various conferences. They all can not cover the whole town at once, and we exchange information that we get in that way, including, where we can trust it, confidential information.

Mr. BENNET. Information that you would not feel at all at liberty to give to your brother if he was not in the newspaper profession, you would feel at liberty to give Mr. Essary if he was in the newspaper profession?

Mr. REYNOLDS. Yes, sir.

Mr. BENNET. Feeling that he would not violate the confidence?

Mr. REYNOLDS. Yes, sir.

Mr. BENNET. The New York Sun in its later edition of that day did carry news items of this note? Have you made any investigation of that?

Mr. REYNOLDS. I saw a statement published. The reference you have, Mr. Bennet, I think, is the paragraph appearing in the financial column of the Evening Sun that afternoon to the effect that private advices from Washington on brokers' wires, or something, created the impression on the Street that there was a peace proposal coming. The next day, after Mr. Gardner testified here to that effect, calling the committee's attention to this paragraph which appeared in the financial column, the Evening Sun the next afternoon published Mr. Gardner's testimony in full and put at the bottom of it in brackets a statement explaining that this information was based on the communication received from the Dow-Jones ticker at 2.05. That was set out, and I think that if the committee could get hold of a copy of the paper it would make it thoroughly clear.

Mr. BENNET. So that your paper did respect your confidence?

Mr. REYNOLDS. I so regarded it, yes, sir; most implicitly.

Mr. BENNET. And so far as you have been able to ascertain, if what Mr. Essary did was a violation of confidence, and I do not ask you to pass upon it, and if what Mr. Price did in wiring to the stock brokers in Chicago is a violation of confidence of the newspaper corps, those were the only two violations of confidence on the part of the newspaper men of which you know.

Mr. REYNOLDS. Now, right on that point, you have already said that you are not asking me for my opinion.

Mr. BENNET. Yes.

Mr. REYNOLDS. But the matter was one of considerable interest to me. After this testimony came out on Saturday, which, I would say, was a complete surprise to me, it flashed back in my mind that I had talked with Fred.

Mr. BENNET. Fred?

Mr. REYNOLDS. Mr. Essary.

Mr. BENNET. Yes.

Mr. REYNOLDS. I got into communication with him that evening and told him I would like to see him the next day, which was Sunday. I went to see him for three reasons. First, he was a friend of mine. I was convinced in my own mind that if he had done anything which appeared to be irregular, he did not know at the time he was doing it. As I said, he was an old friend of mine, a very dear friend of mine. The other purpose I had was to convince myself in my own mind that he had not taken advantage of the information which he may have gotten through his telephone conversation with me. And he did convince me of that. That is to say, he convinced me that he had gotten this information from other sources prior to the time I had talked with him. Then I told him, as he had stated on the stand here this afternoon, that if he had neglected to disclose the names of his informants through any desire to protect me, that I was perfectly willing that he should state that I talked with him, because as far as I was concerned my conscience was perfectly clear on the matter, and in the second place, I wanted him to do it because I was convinced that the committee would sooner or later, in its

exhaustive inquiry, find that I had talked to him, and I thought that for both of us it would be putting it in a much better light if the information came out at once so that the whole circumstances of it could become known.

Mr. BENNET. But you rather had the opinion, without pressing you too hard, that if Mr. Essary had based this note to Hutton & Co. on what you told him, that it would be a violation of the confidence which the public officials quite generally repose in the newspaper men, and usually, I will say, without any bad results.

Mr. REYNOLDS. As I say——

Mr. BENNET (interposing). If you do not want to answer that question, I will withdraw it. I do not want you to pass on the action of another member of your corps.

The CHAIRMAN. Is that all?

Mr. WHIPPLE. Where did you seek and find Mr. Essary?

Mr. REYNOLDS. I came to the Capitol and went to the Senate press gallery, and it was from there that I—oh, did you mean yesterday?

Mr. WHIPPLE. No. Where did you find him that day, December 20?

Mr. REYNOLDS. I went to the Senate press gallery and called him from the booth in the Senate press gallery.

Mr. WHIPPLE. Well, where was he?

Mr. REYNOLDS. He was at his office.

Mr. WHIPPLE. And that was at 12 what?

Mr. REYNOLDS. As I recall—and I am reconstructing this back from the time that I have got in my memorandum that I talked with New York, it must have been somewhere between 12.15 and 12.30.

Mr. WHIPPLE. Then he was at his office downtown at that time?

Mr. REYNOLDS. Yes, sir.

The CHAIRMAN. Is that all?

Mr. WHIPPLE. Yes, sir.

(Thereupon at 6.30 p. m. the committee adjourned until to-morrow morning at 10 o'clock.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 6, 1917

PART 18

**WASHINGTON
GOVERNMENT PRINTING OFFICE**

1917

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., Tuesday, February 6, 1917.

The committee met at 10.30 o'clock a. m., Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order. Proceed, Mr. Whipple.

Mr. WHIPPLE. I will call Mr. Bolling. I offer the suggestion, Mr. Chairman and gentlemen, that we suspend with Mr. Essary for a few minutes to enable him to look over the President's note and his summary, and in the meantime I will examine Mr. Bolling.

The CHAIRMAN. Mr. Bolling has been sworn.

Mr. WHIPPLE. Yes.

ADDITIONAL TESTIMONY OF MR. R. W. BOLLING.

Mr. WHIPPLE. Mr. Bolling, the committee would like to know from you the facts in regard to the organization of the copartnership of F. A. Connolly & Co., of which you are a member. And perhaps if the committee desire it in that form, you had better state to them in your own way just what the facts were that led up to the formation of the partnership and what the terms were.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. If you have no objection to stating it.

Mr. BOLLING. No, sir. Well, the firm of F. A. Connolly & Co. was established I think about August 18. I am not absolutely sure of that date, but some time around the middle of August. From time to time I had considered going into the firm, but did not definitely decide to do so until around, I should say, the first of October.

Mr. WHIPPLE. May I interrupt to ask who first suggested your going into it?

Mr. BOLLING. Mr. Connolly, I think, sir.

Mr. WHIPPLE. How did you happen to meet Mr. Connolly, originally, if you remember?

Mr. BOLLING. I can not say the first time that I met him. I have known him by sight for a long time, and I knew him prior, I think, to the time he went in with John L. Edwards & Co.

Mr. WHIPPLE. Had you ever employed him or the firm with which he was connected as a broker to buy or sell stocks in the market?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. When?

Mr. BOLLING. When he was with Mr. Edwards, for the first time.

Mr. WHIPPLE. And did you carry with that concern a margin account?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And was it in that connection that you met Mr. Connolly first, do you think?

Mr. BOLLING. I think I knew him before that.

Mr. WHIPPLE. I think the committee would like to know how early in your acquaintance he made the suggestion of your joining the firm with him? I do not think they would care for the exact date, but was it earlier than August?

Mr. BOLLING. Yes, sir; it was earlier than August.

Mr. WHIPPLE. What proposition did he make to you?

Mr. BOLLING. Mr. Connolly had spoken to me even when he was with Edwards. I think that was about the first time.

Mr. WHIPPLE. Can you tell us what he said? What did he state, if anything, as to the reason why he would like to have you as a partner?

Mr. BOLLING. He did not give any special reason for wanting me.

Mr. WHIPPLE. Did he ask you about what money you could furnish, or whether it was necessary to furnish any?

Mr. BOLLING. Oh, yes, sir.

Mr. WHIPPLE. Well, give us the details of that conversation as you remember it.

Mr. BOLLING. Well, at that time he simply said that he could get a wire and he would like to open up for himself, and asked me if I could get together any money to go in with him on that proposition.

Mr. WHIPPLE. What did you respond?

Mr. BOLLING. But at that time I told him that I was involved in other things and that I did not care to do it. That was prior to August, I think it was. It may have been last spring.

Mr. WHIPPLE. Did he press you at all in regard to going in with him when he formed his company in August?

Mr. BOLLING. Well, he asked me at the time, but I did not go in at that time.

Mr. WHIPPLE. Did he tell you what money he would want from you or ask you about your contribution to the firm's capital?

Mr. BOLLING. No, sir; I think not, at that time.

Mr. WHIPPLE. When did the negotiations first reach the point where the money considerations were discussed? I mean the terms upon which you entered the partnership?

Mr. BOLLING. Well, sometime shortly before October 1.

Mr. WHIPPLE. And then he had not talked of terms before that?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Then we will pass, if you please, right to this discussion in the vicinity of the 1st of October. As I understand it, you then had a copartnership?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did he tell you whether the articles were written or oral?

Mr. BOLLING. That I do not remember, sir.

Mr. WHIPPLE. But he had a copartnership with Mr. Robertson?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you know Mr. Robertson?

Mr. BOLLING. Yes; I had met him.

Mr. WHIPPLE. Under what circumstances?

Mr. BOLLING. Well, I had known Mr. Robertson, I think, when he was with the Commercial National Bank. I did not know him well.

Mr. WHIPPLE. How did Mr. Robertson happen to come into it? Did you suggest him as a man?

Mr. BOLLING. No, indeed.

Mr. WHIPPLE. It was Mr. Connolly's idea to group you two gentlemen in there?

Mr. BOLLING. Well, I think so. In fact, he had his partnership with Mr. Robertson formed before he spoke to me.

Mr. WHIPPLE. But he had been talking with you about it before he had even formed that partnership?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Although nothing definite had come of it?

Mr. BOLLING. That is right, sir.

Mr. WHIPPLE. Then will you not tell the committee just what Mr. Connolly said, so far as you can remember it, when he took up the series of negotiations as to the terms on which you should enter the then existing copartnership?

Mr. BOLLING. Yes, sir. Well, as I remember it, Mr. Connolly had spoken to me from time to time, as I say, and asked me, so, of course, he did not have to go into that, and it had reached the point as to whether I wanted to go into the brokerage business or not. Mr. Connolly was then simply a correspondent, as I understand it, of Hutton & Co.

Mr. WHIPPLE. Yes.

Mr. BOLLING. Represented them in Washington. He said that if we could go in and get a seat on the stock exchange that the business would be more profitable, in that we would get part of the commission. Under the other arrangement you won't get any of the commission, as I understand it.

Mr. WHIPPLE. Yes.

Mr. BOLLING. Then he asked me if I wanted to come in with him, that he and Mr. Robertson could get their part of the capital if I would put in a certain part.

Mr. WHIPPLE. Did he say how much was needed and what the capital was needed for?

Mr. BOLLING. I do not know, sir. He said that we needed about \$90,000, I think.

Mr. WHIPPLE. Did he say for what it was to be used?

Mr. BOLLING. Well, I took it for granted that it was to be used to buy the seat.

Mr. CHIPERFIELD. What was the last part of the answer?

Mr. BOLLING. That it was to be used to buy the seat.

Mr. WHIPPLE. Seat in the New York Stock Exchange?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did he tell you what a seat would cost?

Mr. BOLLING. Well, I do not think he knew what it would cost; somewhere around \$75,000.

Mr. WHIPPLE. What did he say about your contributing more than what you have stated? It was whether you could contribute enough, some \$30,000, was that it?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. What did you tell him in response to that?

Mr. BOLLING. Well, I did not tell him anything just at that time until I found out that I could contribute that.

Mr. WHIPPLE. Did you find that you could?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Then what did you tell Mr. Connolly?

Mr. BOLLING. I told him that I would go into the firm.

Mr. WHIPPLE. Did he make any statements to you as to how well or how ill the firm had been doing between August and October?

Mr. BOLLING. Well, he told me that they had been doing splendidly.

Mr. WHIPPLE. Did he tell you anything by way of approximation or estimation as to the profit you might expect?

Mr. BOLLING. Well, I think that he spoke of profits at different times. I do not remember just how much, Mr. Whipple.

Mr. WHIPPLE. Well, whether he said whether it would be very profitable or not?

Mr. BOLLING. Well, he said that he had had a great deal of experience in the business, and that it would pay well; yes, sir.

Mr. WHIPPLE. That it would pay well?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. What did he say about the attention that it would be necessary for you to give to the business?

Mr. BOLLING. Well, he said that I would have to learn the business, that of course it would take time, but that he had the experience and that I could come in and just pick up as I chose.

Mr. WHIPPLE. Then it was understood that you were to come in and do your best to learn the business and be as useful as you could?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Would that be a fair statement of it?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. During this period between August and October, did you buy and sell through his firm?

Mr. BOLLING. Between August and October?

Mr. WHIPPLE. Yes.

Mr. BOLLING. Yes, sir; I did.

Mr. WHIPPLE. Had your accounts been profitable to you?

Mr. BOLLING. At that time I had made some little money.

Mr. WHIPPLE. You had purchased stocks?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Were they being carried on margins?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. You had not purchased them outright and paid for them?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. And you had sold some of them and realized a profit?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Then you became a member of the partnership?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Were there written partnership papers?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Executed?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Have you a copy.

Mr. BOLLING. With me?

Mr. WHIPPLE. Yes.

Mr. BOLLING. Not with me.

Mr. WHIPPLE. But you have one?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. I do not know whether the committee would be interested to see it or not, but I would suggest that they have it available so that if they determine that they would like to see it it would be accessible to them.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you contribute to the capital?

Mr. BOLLING. I did, sir.

Mr. WHIPPLE. How much?

Mr. BOLLING. Approximately \$30,000.

Mr. WHIPPLE. Could you tell exactly the amount from the books or in some way?

Mr. BOLLING. Yes, sir; I could arrive at that.

Mr. WHIPPLE. And show how it was paid in?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Was that in cash?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And I do not suppose the committee is interested, or will not be now, as to where you secured it.

Mr. BOLLING. No, sir.

Mr. WHIPPLE. But they might desire to look at the books.

Mr. BOLLING. All right, sir.

Mr. WHIPPLE. To check up the accounts and see at what time it was paid in.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. What was the arrangement as to what should be done with the capital; who should own the seat on the stock exchange which was to be acquired?

Mr. BOLLING. Well, the rule of the New York Stock Exchange is that the seat shall be in one name, and that, of course, so far as they were concerned, was to be Mr. Connolly, and that agreement will show that.

Mr. WHIPPLE. Oh, the agreement will show that?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Mr. Connolly testified before this committee in New York that the \$30,000 that you paid and the \$30,000 that Mr. Robertson paid were for the privilege of being associated with him in copartnership. That is, that the \$60,000 thus paid in belonged to him and that he used it to buy a seat on the stock exchange, and that the stock-exchange seat belonged to him and that neither you nor Mr. Robertson had any interest in it. Did you so understand that transaction?

Mr. BOLLING. Well, I understood that the seat was to be in Mr. Connolly's name.

Mr. WHIPPLE. They were only——

Mr. BOLLING (interposing). But——

Mr. WHIPPLE (interposing). Pardon me, but what?

Mr. BOLLING. But if the business should ever be held up and I should ever want to get out, that I should get back the \$30,000 I had put in.

Mr. WHIPPLE. Did you understand that the seat was to belong to the copartnership, although it stood in Connolly's name?

Mr. BOLLING. Well, I certainly thought I would get my money back on it if I ever got out.

Mr. WHIPPLE. Then you did not understand you were contributing \$30,000 for being Mr. Connolly's partner?

Mr. BOLLING. No.

Mr. WHIPPLE. But that the money was to be used to buy a seat on the stock exchange, which was to belong to all three of you, and if it was to be sold, that the proceeds would be the assets of the copartnership?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Just as the seat itself, you understood, was the asset of the copartnership?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Perhaps the committee would not want to inquire further into that difference which seems to be developing between your partner and Connolly and others.

Mr. CHAPERFIELD. You might refer that to some good authority on trusts.

Mr. WHIPPLE. I am afraid there is a germ of a dispute as to that, if the partnership should be dissolved. But you think your copartnership paper shows—

Mr. BOLLING (interposing). I think so.

Mr. WHIPPLE (continuing). As to whether the seat belongs to Mr. Connolly and is his property for all time and you paid \$30,000 for being associated with him, or whether your \$30,000 was a contribution to the copartnership and if the concern is dissolved you would get your one-third back?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. You would be equal partners participating in the firm?

Mr. BOLLING. That is right.

Mr. WHIPPLE. The money, as you remember, was paid into the copartnership of F. A. Connolly as part of the capital?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. You were then told that a seat had been purchased, a seat on the New York Stock Exchange?

Mr. BOLLING. That money was paid in previous to the purchase of the seat.

Mr. WHIPPLE. And then that the money had been used to purchase the seat?

Mr. BOLLING. Oh, yes, sir.

Mr. WHIPPLE. And Mr. Connolly was, as they term it in Wall Street, the stock exchange member of that concern?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. But you understood that everywhere in Wall Street, while the seat had to be in the name of a particular individual, the firm itself may, or usually does, own the seat or seats purchased?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And you thought your firm so held this seat?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Now, after you became an active member of the firm in October, from that time until December 20, how much were you at the place of business?

Mr. BOLLING. Well, Mr. Whipple, for two or three weeks, possibly a month; I was not there actively, I should say. I do not know. We were all drawing a nominal salary and I do not think I drew any salary until sometime in November. I will look that up.

Mr. WHIPPLE. I wish you would.

Mr. BOLLING. But that would not signify how long I had been there, because even after I drew salary, I was not there often.

Mr. WHIPPLE. You think you did not draw salary until about a month?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. That would bring it up to about November?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And you think that is about the time you began to draw a salary?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. A nominal salary?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Were you there much more after you became a partner, for the first month, than you had been before you became a partner?

Mr. BOLLING. No; I do not think so.

Mr. WHIPPLE. That is, before you became a partner you would drop in to look after your accounts?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And speculation which you were conducting?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And were you still in the market, as they say, after you became a partner?

Mr. BOLLING. I was, sir. We at that time drew up an agreement that when the time came we should none of us speculate, but I was already in the market and I had a verbal understanding with them that I should stay in the market until I saw fit to get out.

Mr. WHIPPLE. When did that happen?

Mr. BOLLING. Well, that was at the time that we bought the seat.

Mr. WHIPPLE. When did it happen that you got out—or did you get out?

Mr. BOLLING. Oh, yes sir; I got out.

Mr. WHIPPLE. When did you sell out your stocks and close up your accounts?

Mr. BOLLING. I can look that up and let you know.

Mr. WHIPPLE. Can you tell us approximately now? Was it before the 20th of December?

Mr. BOLLING. Oh, yes. It was before that.

Mr. WHIPPLE. Were you in the market at that time?

Mr. BOLLING. No, sir; I was not.

Mr. WHIPPLE. Had you any interest in any stocks that were being carried on margin or had you sold any stocks short, contracts for which were outstanding on December 20?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Everything had been cleared up?

Mr. BOLLING. Yes, everything had been cleared up.

Mr. WHIPPLE. As early as when, you will venture to say?

Mr. BOLLING. Oh, well, certainly prior to the 15th.

Mr. WHIPPLE. Of December?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Do you think it was prior to the first?

Mr. BOLLING. No, sir; I think not.

Mr. WHIPPLE. I will not press you on that because you say you will bring the books.

Mr. BOLLING. Certainly.

Mr. WHIPPLE. Or afford from the books an accurate statement as to that?

Mr. BOLLING. I would prefer really that that account be examined.

Mr. WHIPPLE. Yes. So that before the 15th of December you had no speculative account?

Mr. BOLLING. None at all.

Mr. WHIPPLE. So far as you know, did Connolly?

Mr. BOLLING. So far as I know, he did not.

Mr. WHIPPLE. How about Mr. Robertson?

Mr. BOLLING. And he did not.

Mr. WHIPPLE. Was this a large account that you had been carrying?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. A large number of stocks?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Let me ask you, have you ever sold stocks short?

Mr. BOLLING. I never sold, as far as I can remember, a share of stock short in my life.

Mr. WHIPPLE. Your participation in these market activities consisted in buying——

Mr. BOLLING (interposing). Buying.

Mr. WHIPPLE (continuing). A certain number of shares which were carried on margin?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. So that the only profit that you ever made was when the securities went up in value?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And you had the foresight to sell when they did go up and make a profit?

Mr. BOLLING. If they went up.

Mr. WHIPPLE. Yes; if they did go up?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. But you never sold short?

Mr. BOLLING. I never sold short.

Mr. WHIPPLE. And that you are quite sure of?

Mr. BOLLING. I am positive of that.

Mr. WHIPPLE. Did you know how to sell short?

Mr. BOLLING. Yes, sir. I would have known how.

Mr. WHIPPLE. That is, you knew that you could give the order to a broker to sell something you did not have?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And the broker would purchase it?

Mr. BOLLING. Yes; that is right.

Mr. WHIPPLE. And deliver it for you?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And that obligation on your part to deliver to the broker would continue?

Mr. BOLLING. That is right.

Mr. WHIPPLE. And then that you could purchase if the thing went lower?

Mr. BOLLING. That is right.

Mr. WHIPPLE. And make good your contract?

Mr. BOLLING. That is right.

Mr. WHIPPLE. But you have never done that?

Mr. BOLLING. I have never done that.

Mr. WHIPPLE. Now, the committee would like to know about any association you had with Mr. J. Fred Essary. Can you remember when first you ever met him to know him?

Mr. BOLLING. I think I met Mr. Essary in December.

Mr. WHIPPLE. What time in December?

Mr. BOLLING. Well, sir, it was prior to the 20th, but I could not say when.

Mr. WHIPPLE. What were the circumstances of your meeting? How did you happen to meet him? Who introduced you? Where did you meet him?

Mr. BOLLING. I had seen Mr. Essary before; I knew him by sight; and I think I met him in the office.

Mr. WHIPPLE. In the office?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Can you remember who introduced him to you, if any one did?

Mr. BOLLING. No, sir; I can not.

Mr. WHIPPLE. Will you tell the committee as to what you understood as to the reason why he was in the office when you got to know him and when you first met him?

Mr. BOLLING. Well, I did not think of that at all, sir.

Mr. WHIPPLE. Do you know whether he was a customer or not?

Mr. BOLLING. No, sir; I did not.

Mr. WHIPPLE. Had you looked over the books so that you knew by December 20 who your customers were?

Mr. BOLLING. Yes, sir; I think so.

Mr. WHIPPLE. Did you notice whether his name had appeared as a customer?

Mr. BOLLING. Well, I know now that it did not. It did not impress me at the time.

Mr. WHIPPLE. But you gave it no thought whatever?

Mr. BOLLING. I gave it no thought one way or the other.

Mr. WHIPPLE. What did you think his business was in the office; why he came there?

Mr. BOLLING. I really gave that no thought. Later on, possibly for the last month, I have known that Mr. Essary has an office in the same building.

Mr. WHIPPLE. Yes.

Mr. BOLLING. And I knew that he was a friend of Mr. Connolly.

Mr. WHIPPLE. I am now, for the purpose of the examination, confining my inquiries to a date prior to December 20.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you know then that Mr. Essary had an office in the building?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you know he was a reporter or journalist representing——

Mr. BOLLING (interposing). I thought he represented the Baltimore Sun.

Mr. WHIPPLE. You had gotten as much knowledge as that about him?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you know prior to December 20 that Mr. Essary had been furnishing to Connolly & Co. items of financial interest such as arose here in Washington or statements with regard to events that might affect the stock market and that those had been handed in and telegraphed to Hutton in New York?

Mr. BOLLING. No, sir; I did not.

Mr. WHIPPLE. Did you know of any arrangement whereby he was to do it?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. And I understand you to say broadly that you had no knowledge that he had done so?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. But you had seen him about the office?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Can you remember the tenor of any conversation you had with him prior to the 20th of December?

Mr. BOLLING. No, sir; I can not.

Mr. WHIPPLE. Had you talked with him about the stock market or anything of that sort?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. You recognized him as a friend of your senior partner, Connolly?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you see him talking with Mr. Connolly, or had you prior to December 20?

Mr. BOLLING. Yes, sir; I think I had.

Mr. WHIPPLE. Did you overhear any of the conversations between him and Connolly?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Did you participate in any?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Or participate in any conversation with Mr. Robertson and Mr. Essary?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Can you remember anything that Mr. Essary said to you or you to him in the conversations, even if they were casual, before the 20th of December?

Mr. BOLLING. No, sir; I can not.

Mr. WHIPPLE. Did you get to know him well or familiarly?

Mr. BOLLING. Not well; no, sir.

Mr. WHIPPLE. How did you address him?

Mr. BOLLING. Mr. Essary.

Mr. WHIPPLE. How did Connolly speak of him or address him—by his first name?

Mr. BOLLING. I think Connolly called him Essary.

Mr. WHIPPLE. Essary?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. When he was speaking to him?

Mr. BOLLING. I do not know when he was speaking to him how he would call him, because I never——

Mr. WHIPPLE (interposing). Well, I did not know but what you might have heard him say, "Hello, Fred," or "Hello, Essary," or something of that sort?

Mr. BOLLING. No, sir; I never heard him.

Mr. WHIPPLE. But at all events, you had never spoken of him or addressed him as anything but Mr. Essary?

Mr. BOLLING. Yes; that is right.

Mr. WHIPPLE. And how did he address you?

Mr. BOLLING. Mr. Bolling.

Mr. WHIPPLE. So that your acquaintance had not reached familiar terms in any way?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. And you can tell us nothing, upon reflection, of any subjects you discussed?

Mr. BOLLING. No, sir; I can not.

Mr. WHIPPLE. Or anything beyond the ordinary salutations, "How do you do?" or something of that sort?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And are you sure that there was no comment between you on the value of stocks or investments or the likelihood of a rise or fall in the market?

Mr. BOLLING. No, sir; never spoke to him about stock.

Mr. WHIPPLE. Now, when it was first called to your attention, what was the first knowledge that you remember of having that Mr. Essary had been writing and sending in through your office to the Hutton office any telegrams whatever of any character or description?

Mr. BOLLING. Last week.

Mr. WHIPPLE. When did you first learn that he had sent in a telegram which has been frequently quoted, Exhibit H 4, which is an attempted forecast of the President's peace note to be issued the following day?

Mr. BOLLING. Well, when I first knew that definitely, I think it was Thursday of last week, sir.

Mr. WHIPPLE. When was it in relation to the time when your partner had been to New York and testified before this committee?

Mr. BOLLING. Well, he was in New York at the time.

Mr. WHIPPLE. Oh, that is the way you discovered it?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. That is the time you discovered it?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. What is the manner in which you discovered it?

Mr. BOLLING. Well, Mr. Roper told me.

Mr. WHIPPLE. Had you at that time read in the newspapers what Connolly had testified to in New York?

Mr. BOLLING. Well, I had just seen—it was the first day, I think, of his testimony. That is what I was trying to arrive at. If he went to New York Tuesday, it was Wednesday. If he went Wednesday, it was Thursday. It was the day after he went to New York and he was at that time testifying, so I had not read very much of his testimony.

Mr. WHIPPLE. Will you tell the committee what Mr. Roper said to you?

Mr. BOLLING. Mr. Roper said that he had sent this message that Mr. Essary had handed in.

Mr. WHIPPLE. Did you notice in the papers that your partner, Connolly, said that he sent it?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. What was your conversation with Mr. Roper on that subject?

Mr. BOLLING. Well, at that time I do not think Mr. Roper had read that testimony of Connolly's.

Mr. WHIPPLE. At the time he talked with you?

Mr. BOLLING. Yes.

Mr. WHIPPLE. But he then told you that Mr. Essary had sent a telegram?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did he tell you that it was a forecast of the President's peace note?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. What did you say to him?

Mr. BOLLING. Well, I asked him to go before the committee and testify to the fact.

Mr. WHIPPLE. And that, you think, was before you had known what Connolly had testified to in New York?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Before Mr. Connolly went to New York to testify before the committee, did you have any conversation with him on the subject?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. What was the conversation?

Mr. BOLLING. On Monday, I think, Mr. Connolly told me that he had sent a message. He told me practically what he told the committee.

Mr. WHIPPLE. That he had sent a message?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did he say that it was a statement as to what the President's peace note would be?

Mr. BOLLING. No, sir; he did not. He did not go into details.

Mr. WHIPPLE. What did he tell you about having sent the message?

Mr. BOLLING. Well, it was just in connection with his having been summoned or knowing that he would be summoned to appear before the committee.

Mr. WHIPPLE. Did you ask him how he happened to get this information, or where he got his information, or anything of that sort?

Mr. BOLLING. No, I did not, sir.

Mr. WHIPPLE. You had seen at that time some intimations more or less strong in the newspapers, had you not, that you had furnished private advance information as to that peace note?

Mr. BOLLING. Well, I knew that that was the impression; yes.

Mr. WHIPPLE. That if it had not been stated outright, that there were hints or rumors that you were responsible for it?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And Connolly told you that he had sent himself the message regarding it?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you have any talk with him as to where he got his information?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Did you believe him at the time?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. That is, you believed he had really written the message?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. But you did not know then what its terms were?

Mr. BOLLING. No; I did not.

Mr. WHIPPLE. After he had gone and while he was away Mr. Roper told you that Connolly did not write it, but that Essary did?

Mr. BOLLING. Well, he did not say that. He said that Mr. Essary had sent the message.

Mr. WHIPPLE. Had sent the message?

Mr. BOLLING. Yes, sir.

Mr. CHIPERFIELD. Mr. Whipple, when was it that he hold him that?

Mr. WHIPPLE. He has said that he thought it was Thursday, or it was the day that Connolly was in New York and before he had read his testimony.

The CHAIRMAN. Connolly's testimony was on January 31 in New York.

Mr. GARRETT. That was the first day.

Mr. WHIPPLE. What day of the week?

The CHAIRMAN. Wednesday morning.

Mr. BOLLING. That was the day, then. It was Wednesday at about a quarter after 3 in the afternoon.

Mr. WHIPPLE. You see, Connolly came over Monday night—I think it was Monday night, or perhaps it was Tuesday night.

The CHAIRMAN. Tuesday night.

Mr. BOLLING. That is what I wanted to get at.

Mr. WHIPPLE. But he was not called until Wednesday afternoon.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And you say it was on Wednesday, before you knew what he had testified to, that Mr. Roper made this remark to you?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Now, how did Roper happen to be talking about that to you? Will you tell the committee the conversation?

Mr. BOLLING. Well, of course, I was very much worried about this thing, Mr. Whipple, and I questioned Mr. Roper. I questioned him before a witness.

Mr. WHIPPLE. Who was the witness?

Mr. BOLLING. Well, the witness happened to be my brother-in-law.

Mr. WHIPPLE. Your brother-in-law?

Mr. BOLLING. Mr. B. E. Clark.

Mr. CHIPERFIELD. Who, please?

Mr. BOLLING. Mr. B. E. Clark.

Mr. WHIPPLE. Mr. B. E. Clark?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Is he accessible so that the committee can get him?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Will you reproduce just as well as you can that conversation with Roper when you first questioned him in regard to this matter?

Mr. BOLLING. Well, that was on Wednesday——

Mr. WHIPPLE (interposing). As you have said; yes.

Mr. BOLLING. And I asked Mr. Roper if he had sent this message.

Mr. WHIPPLE. If he had sent this message?

Mr. BOLLING. Yes; if he had sent any message.

Mr. WHIPPLE. What did he say?

Mr. BOLLING. And he said that he had. I asked him who had given him the message and he told me that Mr. Essary had.

Mr. WHIPPLE. Go on and tell the rest of the conversation.

Mr. BOLLING. Well, that is about all, I think.

Mr. WHIPPLE. Didn't you say, then——

Mr. BOLLING (interposing). Well, I asked him if he would go on the stand and swear to that.

Mr. WHIPPLE. What did he say?

Mr. BOLLING. He said he would.

Mr. WHIPPLE. He said that he would?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Were you then satisfied that that was the fact?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Didn't you ask him further about how Essary happened to be sending a message over your telegraph wire?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Now, tell the committee all about the inquiry, searching or otherwise, that you made of your employee to know how Essary happened to do this.

Mr. BOLLING. Well, it was all in connection with that message. I asked him about what time it was, and if I was in the office. He said he did not know whether I was there or not. That he thinks that Mr. Connolly was out at the time. That, as he remembered it, he called for Mr. Connolly and somebody said he was at lunch; that Mr. Essary had given him the message and told him to send it and that he sent it.

Mr. WHIPPLE. Didn't you ask him, "how Essary happened to be sending messages over our wire"?

Mr. BOLLING. No, sir; I did not ask him that.

Mr. WHIPPLE. You did not ask him that?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Didn't you then yourself seek to see Mr. Essary and check it up?

Mr. BOLLING. No, sir, not then, I did not. I waited until Mr. Connolly came back.

Mr. WHIPPLE. What talk did you have with Mr. Connolly when he came back about it?

Mr. BOLLING. Well, I asked Mr. Connolly about it.

Mr. WHIPPLE. Now, give that conversation, if you will, to the committee.

The CHAIRMAN. Will you raise your voice a little, Mr. Bolling?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Just as clearly as you can, so that they can see just how it happened, what you said to Connolly, what he said to you, and picture it with words as well as you can.

Mr. CHIPERFIELD. And would it be out of place to suggest that the witness be very full in his confidence to the committee?

Mr. BOLLING. Yes, sir. When Mr. Connolly came back I asked him about this subject, and Mr. Roper was present, and Mr. Roper said that he sent the message, and Mr. Connolly asked him if he was in the office at the time. He went through with what I have told you.

Mr. WHIPPLE. Well, go through it again, so that we can get the whole scene and atmosphere.

Mr. BOLLING. Yes, sir. That he did not think that Mr. Connolly was in the office at the time; that as he remembered, that he had called him and somebody said he was out at lunch. I asked him then if I was in the office, and he said he did not know whether I was or not. Then Mr. Connolly said he had sent a message also to New York. Mr. Roper said that he had sent so many messages that day that he did not know whether Mr. Connolly had or not.

Mr. WHIPPLE. Was it not pretty clear, from the way Mr. Roper spoke, that he did not remember or did not believe that Mr. Connolly had sent any message?

Mr. BOLLING. Well, sir, I do not know. Mr. Connolly sent a great many messages——

Mr. WHIPPLE (interposing). Pardon me. Do not get off of the subject. The committee are interested in this matter to ascertain whether at that time, when Connolly came back from New York, after his testimony before the committee that he sent the message, he came back to his office here and found that it had been disclosed to you that Essary sent the message, whether in any convincing way he could show that he also had sent a similar message, because, you see, the committee wants to know whether that was something in real good faith or whether the suggestion was made by Connolly to cover the sworn testimony that he had given in New York. That is the point.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Now, the committee would welcome your frank statement as to whether right then and there Roper did remember that Connolly had also sent a message, or whether it was in fact and in truth an attempt by Connolly to get Roper to swear that he had sent a message so as to save his neck on his New York testimony?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Now, what was your impression at the time? You see, I am putting it to you very frankly and very bluntly, because that is what the committee wants to know and must know.

Mr. BOLLING. Yes, sir. Well, Mr. Whipple, you ask for my opinion.

Mr. WHIPPLE. What you gathered from it at the time, whether Mr. Connolly appeared in good faith to remember that he sent practically a duplicate, practically the same message, and pressed Roper to remember it, or whether Roper remembered it readily, or whether it was an attempt between those two men to offer to explain——

Mr. BOLLING (interposing). No, sir; I would not say that it was an attempt between Mr. Roper and Mr. Connolly. Mr. Connolly——

Mr. WHIPPLE (interposing). Did you feel convinced—I beg your pardon?

Mr. BOLLING. Mr. Connolly made the statement that he had sent it.

Mr. WHIPPLE. Yes, and what did Mr. Roper say?

Mr. BOLLING. Mr. Roper said, "Well, of course, I do not remember all these messages."

Mr. WHIPPLE. Mr. Roper did not then remember that Connolly had sent a similar message?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. But he said, "I am sending so many, you may have?"

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. But he had no difficulty in remembering the Essary message?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Well, that perhaps leaves it as far as we can go on that point. Now, did you hear Connolly urge in any form that Roper should try to remember that he also sent a message a little later?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. So far as your participation in the interview was concerned, it closed there when Mr. Roper said, "Well, you may have sent one, but I can't remember it. There were so many messages."

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. That was practically it?

Mr. BOLLING. That is right.

Mr. WHIPPLE. What did Connolly say then in regard to Roper's revealing the fact in regard to the Essary message?

Mr. BOLLING. Well, Mr. Connolly said that if Mr. Roper had sent it, he wanted him to say so.

Mr. WHIPPLE. What did Roper say?

Mr. BOLLING. Roper said he would.

Mr. WHIPPLE. Roper had not then been summoned, had he?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Or subpoenaed?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. It was on what day?

Mr. BOLLING. This must have been Saturday morning.

Mr. WHIPPLE. Saturday?

Mr. BOLLING. I think so. It may have been Friday morning, Mr. Whipple. It depends on the time that Connolly got back from New York.

Mr. WHIPPLE. Did Connolly speak of anticipating that the committee would come down here to Washington promptly and swiftly to follow up the story that he had told in New York?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. The committee did actually come down Friday night and held a meeting on Saturday.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And immediately upon arrival summoned Roper?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. As you will remember.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And he came up and made his disclosures on Saturday?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. So that it must have been on Friday?

Mr. BOLLING. I think it was on Friday.

Mr. WHIPPLE. Friday?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. That Connolly had asked his telegrapher or had informed his telegrapher that he, Connolly, had also sent a message.

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you then make inquiry of Connolly as to why and to what extent Essary had been using your wire to send messages to Hutton & Co. in New York?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Did any question occur to you about the propriety, doubtful or otherwise, of a newspaper reporter who might possibly have the confidence of the administration in their announcements, sending over your wire items of news, possibly confidential, with regard to the administration, with a view to its effect upon the stock market in New York?

Mr. BOLLING. Mr. Whipple, the only thing I was interested in was to clear myself.

Mr. WHIPPLE. To clear yourself?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And the propriety, questionable or otherwise, of having the wires of your house used in that way and for the purpose described, did not occur to you?

Mr. BOLLING. Oh, it had occurred to me; yes, sir.

Mr. WHIPPLE. But I mean just at the time, I suppose, you experienced relief as affecting your own situation?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Do you know how soon after that Mr. Roper was summoned?

Mr. BOLLING. Saturday morning.

Mr. WHIPPLE. It was on Saturday morning that the subpoena was issued, as promptly as we could get the officials to issue the process. Mr. Roper testified before the committee, showing some emotion himself, that you had begged him, with tears in your eyes, to come up here and tell the truth and vindicate you. What are the facts in regard to that?

Mr. BOLLING. Well, Mr. Whipple, from Monday on I knew that there had been a message, and I did ask Mr. Roper if he would not testify and say where he got that message and all about it. It was true, except for the tears. I do not remember shedding tears.

Mr. WHIPPLE. But in point of fact were you deeply anxious and seriously moved yourself?

Mr. BOLLING. Yes, I was; I was probably very much excited.

Mr. WHIPPLE. On account of the reflection which had been made upon you?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. I think possibly this has been asked by the committee before in connection with my own part in the matter, but perhaps I may be forgiven if I ask it again: Whether at any time prior to December 20, in any form, direct or indirect, you had received inside information or advance information as to any State document of any description, and peace note or other note of the President, from the time that you went into this brokerage business until December 20?

Mr. BOLLING. Mr. Whipple, you can make that just as sweeping as you want to and include everything and any information, or any thought of information, and I will absolutely deny it.

Mr. WHIPPLE. Direct or indirect?

Mr. BOLLING. Direct or indirect.

Mr. WHIPPLE. In any form whatever?

Mr. BOLLING. In any form whatever.

Mr. WHIPPLE. The committee might be interested to know the extent to which you are associated with, either socially or in a business way or in any way, any of the departments or with the President of the United States.

Mr. BOLLING. Why, absolutely only in a social way.

Mr. WHIPPLE. Now, let us ask about this. Where do you live? In what part of the city?

Mr. BOLLING. Northwest.

Mr. WHIPPLE. And how far from the White House?

Mr. BOLLING. Three miles, I should say, two or three.

Mr. WHIPPLE. What were your habits of calling at the White House in November and December, or communicating with the White House or any of the departments?

Mr. BOLLING. Well, sir, I have no habits. I am at the White House very little except when other people are there, at public functions. That is not absolutely so, because I have been invited there to dinner, but as for calling at the White House, I have rarely done so in a year.

Mr. WHIPPLE. Are you married?

Mr. BOLLING. I am, sir.

Mr. WHIPPLE. And you have an established home and family of your own?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. I mean, you are not in any sense, and have not been for some years, living with any other member of your family, brothers or sisters?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. But you have an independent home and an independent business?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. And you have had for some time?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Now, the question has been suggested as to why, when you heard this information with regard to a message attempting to forecast the President's note having been sent over the wires of your office on Monday, why, in view of the widespread interest of this country in regard to the subject matter and the labors which had been undertaken by this committee to ascertain the source of advance information or alleged advance information, you did not promptly call to the attention of this committee the situation as you found it in the house with which you are connected?

Mr. BOLLING. Mr. Whipple, I think I can explain that. You must first put yourself in my place to understand it.

Mr. WHIPPLE. Yes, sir.

Mr. BOLLING. It was almost essential, after having appeared before this committee—I do not remember all my testimony, but I know now that I meant to convey the fact that I knew of no information that had passed, and at that time absolutely I did not know.

Mr. WHIPPLE. Yes.

Mr. BOLLING. Now, subsequently, after that, this thing comes to light and puts me in the position of having come up here and testified that we practically had no information, when we did. That is, I say "we," speaking of the firm. It would look very much better for this thing to come out naturally than for me to come and try to, as the public might think, put it on somebody else.

Mr. WHIPPLE. How did you expect it was coming out before the committee naturally? By your partner's testimony in New York?

Mr. BOLLING. No, sir. I was determined that it should come out.

Mr. WHIPPLE. Now, did you think that your partner going to New York was going to tell the truth about it?

Mr. BOLLING. Well, I thought he would tell exactly where he got the information, but I did not know to what extent his information was at that time. I thought that he may have sent a message over there, which would have been very true, that "rumor has the same thing in Washington," or that "we hear the same thing in Washington," or that "we hear the same thing here." That is, I heard it in the office that other brokerage firms had it.

Mr. WHIPPLE. You did hear something about it in your office?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Did you see that so-called flash that was given out?

Mr. BOLLING. I could not identify one of those messages. I may have seen them and I may not. I do not remember any more about the 20th than I do about the 18th.

Mr. WHIPPLE. But the question that I put as to why you did not immediately inform the committee I understood you to answer in this way: That you thought this partner would tell the truth about it in New York?

Mr. BOLLING. No. I say that I had rather for that to come from somebody else.

Mr. WHIPPLE. And did you expect your partner to tell the truth about it in New York?

Mr. BOLLING. Yes, certainly.

Mr. WHIPPLE. And then you found later that it was not he who sent it, but Essary?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Then why did you not immediately take steps to immediately inform the committee?

Mr. BOLLING. I did, sir.

Mr. WHIPPLE. Not by coming directly.

Mr. BOLLING. I did not want to inform the committee directly. I thought it was better that somebody else should inform the committee.

Mr. WHIPPLE. Therefore your statement is that you thought it was wiser that the truth should come out from those who knew it and from whom you got your information?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Rather than to state to the committee what you had learned from them? Is that the idea?

Mr. BOLLING. Yes; that is right.

Mr. WHIPPLE. I have here what is called the flash, Exhibit H 2. I think Mr. Connolly testified that that was posted in your office——

Mr. CHIPERFIELD (interposing). He did—on the gossip board.

Mr. WHIPPLE (continuing). And that the flash was one of the factors on which he composed the now somewhat famous telegram which he then claimed that he sent within an hour or so to Hutton. Do you remember that?

Mr. BOLLING. I do not remember. I may have seen this and I may not.

Mr. WHIPPLE. Was that the subject of what was being talked about in your office?

Mr. BOLLING. Yes, sir; I should say so—well, I do not know that it was that full. In fact, I do not remember that it was even talked about. I say, I may have heard it and I may not.

Mr. WHIPPLE. Now, if you saw this—note what information it gives you—"Reports have it that State Department will issue statement to-day intended to promote peace prospects." Was there any way in which, if you had wanted to, you could have checked that up by application to the State Department, or to some clerk there, or to some one in the Executive Department who could tell you whether it was really so or not?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Have you any acquaintance with the Secretary of State or any of his chief officers?

Mr. BOLLING. I do not believe that I have ever met the Secretary of State.

Mr. WHIPPLE. Had you any acquaintance with any clerks in the State Department, or such an acquaintance with clerks in the White House, as would enable you to step to the telephone and say, "We have a message from New York saying that the State Department will issue a statement to-day intended to promote peace prospects, and we would like to know whether that is so, because it is important to the market"?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Well, whether you had access or not, did you do it?

Mr. BOLLING. Absolutely not.

Mr. WHIPPLE. Did you communicate directly or indirectly with anyone about it?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. And up to that time, if you saw this, had you the slightest inkling of any sort or description that any note whatever was to be issued by the State Department or by the President of the United States?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. That is all.

Mr. CAMPBELL. Mr. Bolling, when did you first appreciate the importance of the information that went out of your office?

Mr. BOLLING. Well, Mr. Campbell, I appreciated it more in the last week, I think, than at any other time.

Mr. CAMPBELL. What I mean is, fixing as near exactly as you can the time when you first appreciated the importance of that information?

Mr. BOLLING. It was after this committee was formed and this matter was looked into, I suppose.

Mr. CAMPBELL. Did you talk with Mr. Connolly about what he would testify to before he went to New York?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. Did he tell you what he was going to testify to when he went up there?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. You knew before he went up there that Hutton & Co. had a forecast of the note to the powers, did you not?

Mr. BOLLING. I knew that he had sent some message. He told me that he had sent some message.

Mr. CAMPBELL. That is not my question. You knew that Hutton & Co. had a forecast of the note to the powers before Mr. Connolly went to New York?

Mr. BOLLING. No, sir; I can not say that I did.

Mr. CAMPBELL. What day did he leave for New York?

Mr. BOLLING. He left Monday or Tuesday, I think, sir.

Mr. CAMPBELL. You saw the testimony that was given before Mr. Connolly testified as to the information that Hutton & Co. had sent out from their office?

Mr. BOLLING. Well, if it was in the papers, I saw it; yes, sir.

Mr. CAMPBELL. You have kept pretty close to the newspaper reports of this matter?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Did you talk with anyone about Mr. Connolly's testimony before he returned from New York?

Mr. BOLLING. Well, I talked with—let me see—why, I expect that I did.

Mr. CAMPBELL. With whom?

Mr. BOLLING. I expect I talked with a good many people about it.

Mr. CAMPBELL. Did you talk with anybody about it in the office, any of your partners or employees?

Mr. BOLLING. No; I have been very careful not to talk very much in the office.

Mr. CAMPBELL. Did you talk with Mr.——

Mr. BOLLING (interposing). Roper. I talked with him, you know; I testified to that.

Mr. CAMPBELL. That was before Mr. Connolly returned from New York?

Mr. BOLLING. I think that was the first day that Mr. Connolly testified.

Mr. CAMPBELL. You went into the matter very fully with Mr. Roper at that time?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. What was the first thing said in that conversation between you and Mr. Roper concerning the matter that Connolly had testified to?

Mr. BOLLING. Now, let me see. I do not know that I can tell you the first thing.

Mr. CAMPBELL. What did you discuss during the first conversation about Mr. Connolly's testimony?

Mr. BOLLING. The important thing that I was to find out was if Roper had sent a message, and if so——

Mr. CAMPBELL (interposing). Who asked you for that information?

Mr. BOLLING. Who asked me?

Mr. CAMPBELL. Yes. You were to find out if Roper had sent a message. Who asked you to find out?

Mr. BOLLING. I wanted to find out myself.

Mr. CAMPBELL. You said the important thing to find out was whether or not Roper had sent a message?

Mr. BOLLING. So far as I was concerned, yes.

Mr. CAMPBELL. You were checking up Connolly's testimony to see whether or not it was really true that he had sent the message as he stated he had in his testimony in New York?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. And what did Roper say?

Mr. BOLLING. Roper said he had sent a message over there.

Mr. CAMPBELL. Yes. That Connolly had sent a message?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Now, you were satisfied with that, were you not?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Did not that explain the matter fully?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. It showed that Connolly had sent the information to Hutton & Co., and Hutton & Co. had sent it out over their wire?

Mr. BOLLING. Now, Mr. Campbell, that was at the time Mr. Roper told me Mr. Essary had sent the message. I thought you were talking about that Essary message.

Mr. CAMPBELL. No, no. Did Roper tell you that Connolly had sent a message?

Mr. BOLLING. I do not think that matter came up at all.

Mr. CAMPBELL. Well, I was asking you about Connolly's testimony.

Mr. BOLLING. Well, I misunderstood you. I thought you were talking about the Essary message.

Mr. CAMPBELL. No, no. I shall ask you when I get around to it why Essary was brought into it if Connolly's testimony explained the telegram that Hutton & Co. had sent out. Now, did Roper say that Connolly had sent a telegram?

Mr. BOLLING. No, sir; no, no. I asked Mr. Roper if he had sent a message over to New York.

Mr. CAMPBELL. Yes.

Mr. BOLLING. And if so, would he tell me who gave it to him and all about it, and Mr. Roper said that Mr. Essary had handed a message in on that day.

Mr. CAMPBELL. But did you not ask him in that connection whether or not your partner, who had testified that he had sent the message—

Mr. BOLLING (interposing). I do not think I knew very much at that time what Connolly had testified. That was the first day that Connolly was on the stand.

Mr. CAMPBELL. Well, you knew that the first day he was on the stand he did testify that he sent the message, did you not?

Mr. BOLLING. Well, that was about 3 o'clock in the afternoon. I do not know that I did then. I probably did.

Mr. CAMPBELL. You knew that Connolly was going to New York to testify to that, did you not?

Mr. BOLLING. Yes, sir; he told me before he left that he had sent a message.

Mr. CAMPBELL. Then why were you checking it up? Why were you finding out from Roper who sent the message if you knew that Connolly was going to New York to testify to it, and if you also knew that he had gone to New York and did testify to it? Why

were you still checking it up to find out if such a message had been sent out?

Mr. BOLLING. Mr. Campbell, a gentleman came into the office—a friend of mine—and told me that he felt sure that this was where Connolly had gotten his information.

Mr. CAMPBELL. That this was where Connolly had gotten his information? What did he mean by “this?”

Mr. BOLLING. Well, he named Mr. Essary.

Mr. CAMPBELL. Who was this?

Mr. BOLLING. That was Mr. Ramsey.

Mr. CAMPBELL. What are Mr. Ramsey's initials?

Mr. BOLLING. W. P., I think they are.

Mr. CAMPBELL. Who is he?

Mr. BOLLING. I think he is a solicitor. He is with the Commercial National Bank.

Mr. CAMPBELL. He is a solicitor for the Commercial National Bank?

Mr. BOLLING. I do not know that he is with the Commercial National; but he is in the Commercial National Building.

Mr. CAMPBELL. What is his address? Is he a lawyer?

Mr. BOLLING. I do not know whether he is a lawyer or not.

Mr. CAMPBELL. Where does he have his office?

Mr. BOLLING. It is in the Commercial National Bank Building.

Mr. CAMPBELL. What did he say to you?

Mr. BOLLING. Well, he took me aside and told me that he felt sure that Mr. Connolly had gotten this information through Mr. Essary. That is when I asked Mr. Roper about it.

Mr. CAMPBELL. What time of day was that, and what day was it?

Mr. BOLLING. That was on the same day that I saw Mr. Roper.

Mr. CAMPBELL. What day was that?

Mr. BOLLING. I think it was Wednesday.

Mr. CAMPBELL. What did this man say about Connolly's testimony? Did he say anything that led you to believe that he did not think Connolly wrote the telegram?

Mr. BOLLING. No; he did not. He thought that Connolly had gotten his information from Mr. Essary.

Mr. CAMPBELL. But the testimony showed, from Connolly, just how he got his information. Connolly testified, did he not, how he got that? Was there a doubt in your mind or in the mind of your friend, this solicitor—what is his name?

Mr. BOLLING. Ramsey.

Mr. CAMPBELL. Ramsey—as to whether Connolly had framed that message out of the impressions that he had gotten from talking with customers in the office that morning?

Mr. BOLLING. Yes, sir; there was a doubt in his mind.

Mr. CAMPBELL. You did not believe, and Ramsey did not believe, that Connolly had to rely on his impressions from what he heard in the office for the information he conveyed to Hutton & Co. in that telegram?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. Now, this was probably on Wednesday?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. What time in the day?

Mr. BOLLING. It was very near 3 o'clock, sir.

Mr. CAMPBELL. And Ramsey told you that Essary had given you the information?

Mr. BOLLING. He said he felt sure of it.

Mr. CAMPBELL. How soon after that did you see Essary?

Mr. BOLLING. I have not spoken to Mr. Essary—you say seen him?

Mr. CAMPBELL. Yes. How soon after that did you go to see Mr. Essary?

Mr. BOLLING. How soon after that did I go to see Mr. Essary?

Mr. CAMPBELL. Yes.

Mr. BOLLING. I did not go to see Mr. Essary.

Mr. CAMPBELL. You did not follow up Mr. Ramsey's suggestion?

Mr. BOLLING. No. I had it from Roper.

Mr. CAMPBELL. You went to Roper?

Mr. BOLLING. That is right.

Mr. CAMPBELL. What did you say to Roper?

Mr. BOLLING. I asked Mr. Roper if he had sent any message and if Mr. Essary had had anything to do with it, and Mr. Roper acknowledged that he had.

Mr. CAMPBELL. Now, Mr. Roper had told you before that that Connolly had sent the message, had he not?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. I thought you testified earlier——

Mr. BOLLING (interposing). No, sir; absolutely not.

Mr. CAMPBELL (continuing). That Connolly had sent the message.

Mr. CONNOLLY. I misunderstood your question. I thought you were talking about Essary, Mr. Campbell, when I testified to that.

Mr. CAMPBELL. How long did you wait before you saw Mr. Essary yourself after you talked with Roper?

Mr. BOLLING. I saw Mr. Essary Saturday, I think, sir.

Mr. CAMPBELL. That was after Connolly returned?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Did you ask Connolly about his New York testimony?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. What did you say to him about it?

Mr. BOLLING. I asked if he had sent any message, and he said yes; he had sent it; and I told him about this, and he said, "Well, there may have been two; but I sent a message."

Mr. CAMPBELL. He still stuck to it that he had sent a message?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Did you tell him that you doubted that he had the ability to compose a message of that kind from the sources from which he said he had obtained it?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. What did you have to say with him about it? What was your conversation?

Mr. BOLLING. Well, I asked him how about this message. He said he did not know anything about this message, but that he sent a message also; that he might have sent the message when he came back from lunch; that he had seen this flash, or something of that kind.

Mr. CAMPBELL. You knew, then, in that conversation with Connolly that you were talking about a very, very important matter, did you not?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. And you knew also that somebody was lying about it, did you not?

Mr. BOLLING. I thought so?

Mr. CAMPBELL. What?

Mr. BOLLING. I thought so.

Mr. CAMPBELL. And you are still of that opinion?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. What did Mr. Essary say when you talked with him about it?

Mr. BOLLING. Well, Mr. Essary told me very frankly that he did.

Mr. CAMPBELL. That he sent the message?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. What was your conversation with Essary?

Mr. BOLLING. I only saw him for one minute. He acknowledged that he did, and he said he was coming up here to testify. That was Saturday, I think.

Mr. CAMPBELL. Saturday?

Mr. BOLLING. I think it was.

Mr. CAMPBELL. What time?

Mr. BOLLING. About—I should say about 3.30.

Mr. CAMPBELL. You did not see him until Saturday?

Mr. BOLLING. I did not.

Mr. CAMPBELL. What time Saturday did you see him?

Mr. BOLLING. I think around 3.30.

Mr. CAMPBELL. And he told you then that he was coming here to testify?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Did he tell you what he was going to say?

Mr. BOLLING. He said he was going to say that he sent it; that he did send it.

Mr. CAMPBELL. Did he tell you that he was going to say where he got his information?

Mr. BOLLING. No, sir. I did not follow it up at all.

Mr. CAMPBELL. Did you regard Essary's explanation of the Hutton telegram to "Rod and all" as more satisfactory than Connolly's explanation?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Why?

Mr. BOLLING. Well, I thought he was in a position to know more than Connolly.

Mr. CAMPBELL. Why?

Mr. BOLLING. Why was Mr. Essary in a position——

Mr. CAMPBELL (interposing). Yes.

Mr. BOLLING. Well, he is a newspaper man.

Mr. CAMPBELL. Is that the only reason?

Mr. BOLLING. That is the only reason; yes, sir.

Mr. CAMPBELL. Did you think he was in a position to have information about the contents of a note that was not to be made public until 5 o'clock that afternoon? What made you think that he had a source of information that you did not have or that Connolly did not have or that anybody else did not have?

Mr. BOLLING. Well, that he was a newspaper man and that he had talked to other newspaper men.

Mr. CAMPBELL. Was there anything about Mr. Essary's relations with any one in official life here that led you to believe that he had sources of information upon which he could base a forecast——

Mr. BOLLING. (interposing). No, sir.

Mr. CAMPBELL (continuing). Of the message from the State Department?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. Then why did you rely more upon his explanation of the Hutton telegram than upon Mr. Connolly's?

Mr. BOLLING. Well, Mr. Campbell, I was not interested in the explanation of the Hutton telegram. The only thing I was interested in was that this telegram that was said to have been sent from Connolly & Co. should have been traced to this source, and where they got the information I might be interested—I did not bother myself with it.

Mr. CAMPBELL. The senior member of your firm made a full and complete explanation and testified that he sent it?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. That he wrote it?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. And told the source of his information?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Why was not that satisfactory to you?

Mr. BOLLING. Well, simply because he did not give the source of his information.

Mr. CAMPBELL. He said that he got it from the flash and from talking with people in the office. What source of information did Essary have that Connolly did not have?

Mr. BOLLING. I think it would be very apparent, I would think off-hand, that any newspaper man—I thought that he would probably have been there with Secretary Lansing and that he had a great deal more source of information than Connolly. I think that would be very apparent.

Mr. CAMPBELL. But Connolly's testimony was that it was common talk around your office?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. And other brokers' offices, that the Secretary of State was going to give out a message that afternoon?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. It had been flashed over the wire. It was on the Street. But the telegram out of Hutton & Co.'s office, to "Rod and all," was the first forecast of what the message contained? Did you know that?

Mr. BOLLING. No, sir; I do not know that it was the first.

Mr. CAMPBELL. Then why have you been so anxious to explain the source of that telegram?

Mr. BOLLING. Well, as I say, the only telegram that I am interested in——

Mr. CAMPBELL (interposing). Why were you so anxious about the Connolly telegram?

Mr. BOLLING. The only telegram I was interested in, Mr. Campbell, was the telegram that went from this office, no matter who sent it, to Hutton & Co.

Mr. CAMPBELL. But Connolly said that he sent it?

Mr. BOLLING. Well, I know.

Mr. CAMPBELL. Your partner?

Mr. BOLLING. Yes; but after I found out that there was another message, I wanted it to come out if there was another.

Mr. CAMPBELL. And Ramsey, you think, told you that Connolly got his information from Essary, and you think that was Wednesday afternoon?

Mr. BOLLING. I think that was Wednesday afternoon; yes, sir.

Mr. CAMPBELL. You do not believe your partner sent a telegram at all, do you?

Mr. GARRETT. Mr. Chairman, I submit that that question——

Mr. BOLLING (interposing). I think I ought not to be required to answer that question.

Mr. GARRETT. I do not criticise my colleague on the committee, but if my colleague will suggest where that will throw any light on the subject——

Mr. CAMPBELL (interposing). I shall not press it.

Mr. CHIPERFIELD. I think we are all agreed on that proposition.

Mr. BOLLING. I think that would be the duty of the committee.

Mr. CAMPBELL. You think what would be the duty of the committee?

Mr. BOLLING. To ascertain whether he did. I mean that I should not be required to say what I think about that.

Mr. CAMPBELL. But you have gone upon the theory and acted upon the theory that Connolly's telegram to Hutton & Co. was not a sufficient explanation of the telegram that Hutton & Co. sent out?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Now, Mr. Bolling, what was stated in the first conversation you had with Mr. Connolly about becoming his partner?

Mr. BOLLING. Mr. Campbell, I do not know that I could tell you the first. You understand that it has been months. I do not know that I can tell you the first conversation I ever had.

Mr. CAMPBELL. I think you stated in your former testimony that it was probably in March?

Mr. BOLLING. Yes, it was away back. I do not remember the first thing, but from time to time he had asked me——

Mr. CAMPBELL (interposing). Now, just think a moment. Did it not challenge your attention, and does it not now come up in your memory that Connolly came to you and said, "Bolling, let us go into the brokerage business. What do you say about that?" What did he say? What was his language?

Mr. BOLLING. Well, that is about the way he said it; that he understood the business; that there was a good living in it, and that it was better than working for somebody else, and all that.

Mr. CAMPBELL. Well, you had had no experience in the brokerage business?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. You knew nothing whatever about it?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. And as a matter of fact you do not know much about it now, do you?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. And how often from the first time he spoke to you about it did he keep the matter up with you?

Mr. BOLLING. Oh, from time to time, he mentioned it a great many times.

Mr. CAMPBELL. He mentioned it a great many times?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. And what would he say in these conversations?

Mr. BOLLING. Well, I do not know that I can repeat any conversation. As I said, it was just a general outline——

Mr. CAMPBELL 'interposing'. Of what could be done?

Mr. BOLLING. Of what could be done, yes, sir.

Mr. CAMPBELL. And how much money there was in it?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. And what the expense would be?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. I probably missed, during the time you were being examined by Mr. Whipple, when the first time was that Connolly spoke to you about what it would cost you to go into the firm. About the time you went into the firm, was it?

Mr. BOLLING. It was sometime between August and October.

Mr. CAMPBELL. It was sometime between August and October?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Did you go to New York at any time prior to that time that you went into the firm, with Mr. Connolly or alone?

Mr. BOLLING. I think the first time I went to New York was on about the 12th of October.

Mr. CAMPBELL. That was the day before the firm was organized?

Mr. BOLLING. I went with him then.

Mr. CAMPBELL. You went with him to Hutton & Co.'s office at that time?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. The next day the firm was organized?

Mr. BOLLING. Yes, sir.

Mr. CHIPERFIELD. On the 13th of the month.

Mr. CAMPBELL. Whom did you see in Mr. Hutton's office?

Mr. BOLLING. I met Mr. Hutton and Mr. Ellis and several of them.

Mr. CAMPBELL. Did you meet Mr. Barret?

Mr. BOLLING. I do not remember meeting Mr. Barret. I may have met him.

Mr. CAMPBELL. But you met Mr. Hutton and Mr. Ellis?

Mr. BOLLING. Yes, I remember those two.

Mr. CAMPBELL. They were the senior members of the firm?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. What was said in that conversation?

Mr. BOLLING. Well, very little relative to the—in regard to the firm, you mean?

Mr. CAMPBELL. Oh, certainly.

Mr. BOLLING. Nothing impressed me that was said especially.

Mr. CAMPBELL. You were introduced by Mr. Connolly as Mr. Bolling?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL (continuing). Who was to go into the firm?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Was there a private wire at that time between the office of Connolly & Co. and Hutton & Co.?

Mr. BOLLING. Well, there was a wire.

Mr. CAMPBELL. That was the southern wire?

Mr. BOLLING. Now, whether that private wire was in then, I do not know. I think we could find out.

Mr. CAMPBELL. The southern wire was in?

Mr. BOLLING. Yes; I know that.

Mr. CAMPBELL. And after you went into the firm, then this individual wire between your office and Hutton & Co. was put in?

Mr. BOLLING. I am not sure when that was put in, Mr. Campbell.

Mr. CAMPBELL. Was there anything said about this individual wire in this conversation?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. You say that you can not think of anything that was said in that conversation about the business or the prospects of securing business?

Mr. BOLLING. No; except a general outline more in the nature of advice, I remember now, that Mr. Ellis gave us about conducting the business, and how to conduct it.

Mr. CAMPBELL. He told you what to do?

Mr. BOLLING. About margins and all that, but nothing that made any special impression upon me, only that I was new and wanted to learn it.

Mr. CAMPBELL. What was said at this time about a seat on the Stock Exchange?

Mr. BOLLING. Well nothing that I remember. Mr. Connolly went up and got the seat. That had been arranged.

Mr. CAMPBELL. When did he secure a seat on the stock exchange?

Mr. BOLLING. I think that was the day, on the 13th.

Mr. CAMPBELL. On the 13th?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Did he remain away on the 13th?

Mr. BOLLING. No, I think not. I think he came back.

Mr. CAMPBELL. Then he must have had his seat on the 12th?

Mr. BOLLING. It may have been. I think it was the 13th, but it may have been the 12th.

Mr. CAMPBELL. The day that you went into the firm?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. What are the sources of revenue in your office?

Mr. BOLLING. Well, simply commissions and interest accounts. That is all.

Mr. CAMPBELL. Do you get your share of commissions on sales that are made on the floor of the exchange?

Mr. BOLLING. As a firm?

Mr. CAMPBELL. Yes.

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. You get your share of those commissions?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. Notwithstanding the fact that Mr. Connolly is the proprietor, or is the sole owner, of the seat on the exchange?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. According to his testimony?

Mr. BOLLING. According to his testimony.

Mr. CAMPBELL. You have papers forming the partnership?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. And the rights of the members are all set forth in those papers?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. When did you pay the consideration for going into the firm?

Mr. BOLLING. Well, sometime around the 12th or 13th of October.

Mr. CAMPBELL. How was it paid?

Mr. BOLLING. Paid in cash.

Mr. CAMPBELL. Paid by check or by cash?

Mr. BOLLING. Oh, not in cash in that way. It was paid by check.

Mr. CAMPBELL. A check on your bank account?

Mr. BOLLING. Not on my bank account personally; no, sir. Part of it may have been on my personal bank account.

Mr. CAMPBELL. How many checks were given?

Mr. BOLLING. I know one check of \$10,000 was on my bank account.

Mr. CAMPBELL. Who was that made payable to?

Mr. POU. Mr. Chairman, is it necessary that all these details be gone into?

Mr. CAMPBELL. I think it is well enough to show these matters.

Mr. POU. The money was paid. Suppose he borrowed it. Would that throw any light on it?

Mr. BENNET. Is there not a possibility that he was simply representing others in that firm?

The CHAIRMAN. The chair submits to Mr. Campbell whether or not he really wishes to go into the private affairs of Mr. Bolling prior to paying the \$30,000.

Mr. CAMPBELL. Oh, no. I am now confining the inquiry to the day on which the partnership was formed and the consideration that was paid for entering the partnership.

The CHAIRMAN. Do you insist on going into it?

Mr. CAMPBELL. Oh, yes. I will state that it has been suggested there was no consideration whatever for this partnership.

The CHAIRMAN. Proceed.

Mr. CANTRILL. Has he not testified that he paid \$30,000?

Mr. CAMPBELL. Yes; and I am asking him how he paid it. You say that \$10,000 of it was in a check?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. You think it was around the 13th of October?

Mr. BOLLING. Around that; yes, sir.

Mr. CAMPBELL. On what bank?

Mr. BOLLING. On the Commercial National.

Mr. CAMPBELL. To whom was it payable?

Mr. BOLLING. I do not know; I am not sure. I can get you the check, sir.

Mr. CAMPBELL. Was it payable to F. A. Connolly & Co. or to F. A. Connolly?

Mr. BOLLING. It was not payable to F. A. Connolly or to F. A. Connolly & Co., because, as I remember it, there was a draft sent to New York, and I think it was made payable to the Commercial National Bank, but I can show you the check.

Mr. CAMPBELL. Now, that was \$10,000 paid through a check on the Commercial National Bank?

Mr. BOLLING. Yes, sir.

Mr. CAMPBELL. In what way was the other \$20,000 paid?

Mr. BOLLING. Well, \$20,000 was paid by check, I remember. That other \$20,000 I borrowed.

Mr. CAMPBELL. What was the nature of that transaction in which you borrowed?

Mr. BOLLING. Well, that \$20,000 I authorized the parties from whom I borrowed it to pay it to the Commercial National Bank. Now, I suppose that went to the credit of the firm of F. A. Connolly. I will have to look into that.

Mr. CAMPBELL. From whom did you borrow that \$20,000?

Mr. HARRISON. Mr. Chairman, I object to that. I do not think it is material to the issue at all.

The CHAIRMAN. Just a moment.

Mr. HARRISON. It is not connected with this leak.

Mr. CAMPBELL. Wait a minute. I will wait and have the information privately before the committee.

The CHAIRMAN. Then you withdraw the question?

Mr. CAMPBELL. I withdraw the question. You will be willing to tell the members of the committee?

Mr. BOLLING. Certainly.

Mr. CAMPBELL. Did the person from whom you borrowed this have an interest in the firm?

Mr. BOLLING. No, sir.

Mr. CAMPBELL. I believe that is all, Mr. Bolling.

Mr. GARRETT. I have no questions.

Mr. HARRISON. I have no questions.

Mr. BENNET. I may have two questions.

Mr. CHIPERFIELD. I am willing to submit it on the questions that have been asked.

Mr. BENNET. I would like to ask Mr. Essary a question before he goes.

The CHAIRMAN. We are going to put him back after a while.

Thereupon at 12 o'clock m, the committee took a recess until 2 o'clock p. m.

AFTER RECESS.

The hearing was resumed at 2.20 o'clock p. m.

The CHAIRMAN. The committee will be in order. Are you ready to proceed, Mr. Whipple?

Mr. WHIPPLE. Is it the wish of the committee that Mr. Bolling's testimony be finished up first?

The CHAIRMAN. Yes; that is the wish of the committee.

TESTIMONY OF MR. R. W. BOLLING—Resumed.

Mr. LENROOT. Mr. Bolling, I did not fully understand from your testimony when the fact was first brought to your attention that a telegram had been sent by Connolly & Co. relating to this matter.

Mr. BOLLING. I think, sir, about—it was the day before Mr. Connolly went to New York.

Mr. LENROOT. You had a conversation with Mr. Connolly on that day?

Mr. BOLLING. Yes, sir.

Mr. LENROOT. And he told you at that time that he had sent a message?

Mr. BOLLING. Yes, sir; that he had sent a message; yes, sir.

Mr. LENROOT. Did you ask Mr. Connolly what his source of information was?

Mr. BOLLING. No, sir; not at that time.

Mr. LENROOT. Of course, you understood the efforts this committee was making to get the sources of information, and you also understood that under the circumstances this was rather an important matter to you?

Mr. BOLLING. Yes, sir.

Mr. LENROOT. How can you account for the fact that you did not attempt to get from Mr. Connolly any information as to the source of his information?

Mr. BOLLING. I did not at that time. I wanted to hear Mr. Connolly's testimony; let him testify himself as to it.

Mr. LENROOT. Your relations with Mr. Connolly were entirely friendly?

Mr. BOLLING. At that time; yes, sir.

Mr. LENROOT. Why did you want to hear his testimony before asking him any such questions?

Mr. BOLLING. Well, I preferred to do it that way, sir.

Mr. LENROOT. Did you have any reason for it?

Mr. BOLLING. No, sir.

Mr. LENROOT. Were you suspicious at that time that Mr. Connolly had not sent the telegram?

Mr. BOLLING. No, sir.

Mr. LENROOT. Mr. Bolling, I understand perfectly and very naturally your desire to protect your partner, as we all would under similar circumstances, in so far as you properly can do so, but you also understand that this committee must get at the truth, so far as it can?

Mr. BOLLING. Certainly.

Mr. LENROOT. What was there in the circumstances that you should hesitate to inquire of your partner as to his source of information at that time?

Mr. BOLLING. Well, in the first place, Mr. Lenroot, I had been up here and testified that I did not know anything about a message having gone, which was the truth at that time, and then when Mr. Connolly told me that he had sent messages I, in the first place, never thought that he had sent any such message as this. I thought he had repeated common gossip around the office or something to that effect. I did not know what sort of message he had sent, and he does send a good many messages during the day, and I asked Mr. Connolly at the time what messages he had sent and he told me "You do not know anything about it," and "What do you want to mix up in it for?"

Mr. LENROOT. Is it not a fact that you had testified in good faith that no such message had been sent from your office and that Mr. Connolly had now told you there was, but clearly attempted to put you off from making any inquiry about it. Did it raise your suspicions?

Mr. BOLLING. Naturally.

Mr. LENROOT. Would not that naturally make you, at the first possible moment, want to inquire the source of his information?

Mr. BOLLING. Yes, sir.

Mr. LENROOT. But yet you did nothing with reference to it?

Mr. BOLLING. Not then.

Mr. LENROOT. When did you?

Mr. BOLLING. When he returned from New York, so far as Mr. Connolly was concerned.

Mr. LENROOT. And what was the next thing you did with reference to arriving at any source of information?

Mr. BOLLING. Well, I did a good many things.

Mr. LENROOT. Did you do anything prior to the time that Mr. Ramsey called you on the telephone?

Mr. BOLLING. Well, nothing definite; no, sir. He did not call me on the phone; he came in.

Mr. LENROOT. You say "nothing definite." Had you done anything?

Mr. BOLLING. I had not been able to do anything.

Mr. LENROOT. Did you try?

Mr. BOLLING. Yes, sir.

Mr. LENROOT. Had you talked with Mr. Roper?

Mr. BOLLING. Not in regard to that; no, sir.

Mr. LENROOT. What had you tried to do?

Mr. BOLLING. Well, I tried to do everything that I could to find out.

Mr. LENROOT. Can you give some specific thing that you did in that effort?

Mr. BOLLING. Oh, not specifically; nothing special. Nothing more than talking it over with friends of mine.

Mr. LENROOT. With whom—with friends outside of the office?

Mr. BOLLING. Yes.

Mr. LENROOT. But made no effort to talk it over with anybody in the office who would be presumed to know. Is that a fact?

Mr. BOLLING. Nobody in the office did know except Roper, and I did not talk it over with him.

Mr. LENROOT. You did not know that at that time, did you? If you did not talk it over with him, you did not know that there was anyone other than Roper that knew about it, and you had not talked with Roper about it at that time?

Mr. BOLLING. I talked to Roper between Monday and Wednesday, I think, about it.

Mr. LENROOT. You did not talk to Mr. Roper until after Mr. Ramsey had called you on the 'phone?

Mr. BOLLING. I may have talked to Mr. Roper about it; yes.

Mr. LENROOT. Or called at the office?

Mr. BOLLING. Yes.

Mr. LENROOT. You do not remember whether you did or not?

Mr. BOLLING. I could not say. I think that possibly I did; yes, sir. There has been a great deal of talk about it in the office.

Mr. LENROOT. Prior to the 15th of December, how long have you been dealing in stocks on your own account, Mr. Bolling?

Mr. BOLLING. Oh, I suppose since spring—since last spring.

Mr. LENROOT. That had been your first fling in stocks, about a year ago?

Mr. BOLLING. Yes, sir.

Mr. LENROOT. Upon the whole, have your operations been profitable?

Mr. BOLLING. No, sir; they have not.

Mr. LENROOT. On the 15th day, or about the 15th day of December, you testified you got out of the market entirely?

Mr. BOLLING. Yes, sir.

Mr. LENROOT. And you have not dealt in stocks at all since that time?

Mr. BOLLING. No, sir.

Mr. LENROOT. What was there, if anything, at that time, the 15th of December, that caused you to suspend or abandon all transactions with reference to stocks?

Mr. BOLLING. Well, we had this agreement that, when the firm became—when I came into the firm, that we should not deal in stocks, and that was the chief reason, sir, other than winding up my account, which I did, at a loss.

Mr. LENROOT. Had you deal in stocks from the time you entered the firm to the 15th of December other than disposing of those that you had?

Mr. BOLLING. No, sir. I can not say. I think I had, possibly.

Mr. LENROOT. That was prior to your agreement, was it?

Mr. BOLLING. No; it was not, because I had a verbal understanding with them that I should get out of certain stocks, and naturally I wanted to wait for those stocks to show either a profit, or not a loss.

Mr. LENROOT. Until you could get out of certain stocks?

Mr. BOLLING. Well, not anything in particular; that I should not stop immediately. We were to have that agreement, and then we were going to stop entirely.

Mr. LENROOT. Was that understanding dependent upon some condition or contingency as to when that was to occur, as to when you should get out of the market entirely?

Mr. BOLLING. No, sir.

Mr. LENROOT. What was there about the transaction that permitted you to stay in for an indefinite time?

Mr. BOLLING. I will tell you. When I went in we talked this matter over, not specifying at all. Of course, I was in the market at the time, and it was really, I might say, delayed, with me bringing it up and saying we ought to do it, which we should have done before, but it did not come to a head. It just happened at that time my account was closed, and nothing is changed, as the matter now stands, except that I happened to close my account then.

Mr. LENROOT. Were the other members of the firm in the market up to the 15th of December also?

Mr. BOLLING. Not that I know of, sir.

Mr. LENROOT. That is all.

Mr. BENNET. In order to be specific, Mr. Bolling, you testified before this committee on the 10th of January as follows:

Q. I will ask you, Mr. Bolling, if you ever received from any source whatever any information of the President's peace note?

A. No, sir.

Q. The so-called peace note, until you saw it in the public press?

A. Absolutely not, sir.

Q. Do you know whether any member of your firm did?

A. Absolutely nobody received any information in advance on the note.

I understand you want to change your testimony now to the extent of Mr. Connolly?

Mr. BOLLING. You understand how that happened?

Mr. BENNET. Oh, yes; I am perfectly familiar with it, but it turns out that that particular testimony——

Mr. BOLLING (interposing). Was erroneous.

Mr. BENNET. Now, in connection with that testimony, you made some rather severe strictures on Representative Wood?

Mr. BOLLING. Yes, sir.

Mr. BENNET. In view of the fact that this matter has taken the turn that it has, and these matters have come to light, do you still believe that Representative Wood was subject to the censure you then passed on him?

Mr. BOLLING. So far as I am personally concerned, he was.

Mr. BENNET. So far as your firm is concerned, he is not?

Mr. BOLLING. No, sir.

Mr. BENNET. Attempts have been made since that time to have him expelled from the House of Representatives, and he has actually been stricken off the visiting list at the White House. Did you have anything to do with either of those?

Mr. BOLLING. No, sir.

Mr. BENNET. And you would not do such an unmanly and trivial thing as to carry your personal spite to your connections?

Mr. BOLLING. No, sir.

Mr. CANTRILL. You say that Mr. Wood has been expelled from the House of Representatives?

Mr. BENNET. I did not say that. I said that attempts had been made. There was a plan on foot.

Mr. CANTRILL. Where?

Mr. BENNET. In the newspapers.

Mr. CANTRILL. Your statement was, as I got it, that he was to be expelled from the House of Representatives?

Mr. BENNET. No; I did not say that. Read it.

(The stenographer read as follows:)

Mr. BENNET. Attempts have been made since that time to have him expelled from the House of Representatives, and he has actually been stricken off the visiting list at the White House.

The CHAIRMAN. Have you any questions, Mr. Chipperfield?

Mr. CHIPPERFIELD. One or two. When the matter was mentioned that there had been information sent to Hutton & Co., of which you were not advised, naturally you told what you knew about the Essary note, did you not?

Mr. BOLLING. How was that question, Mr. Chipperfield?

Mr. CHIPPERFIELD. After Mr. Connolly returned from New York, where he had assumed the responsibility for the information that was sent to Hutton & Co., you had what might plainly be called a heart-to-heart talk with him, did you not?

Mr. BOLLING. Yes, sir.

Mr. CHIPPERFIELD. And in which in probably very plain language you told him what you had learned about the Essary note?

Mr. BOLLING. Yes, sir.

Mr. CHIPPERFIELD. And you also indicated the purpose to have the Essary note, in whatever way it was necessary, communicated to this committee?

Mr. BOLLING. Yes.

Mr. CHIPERFIELD. In order that the committee might be advised of the facts?

Mr. BOLLING. Yes, sir.

Mr. CHIPERFIELD. Now, did Mr. Connolly at that time seek to make any explanation why he had concealed the Essary note from this committee?

Mr. BOLLING. No, sir; he did not.

Mr. CHIPERFIELD. Did Mr. Connolly at that time, either directly or indirectly, offer any objection to the testimony being elicited that Mr. Roper sent the Essary note instead of Mr. Connolly's note to the New York house?

Mr. BOLLING. No, sir; he did not.

Mr. CHIPERFIELD. I do not care to pursue the inquiry further than this. Did not he attempt to make any explanation why he had kept you in ignorance of the Essary note?

Mr. BOLLING. Well, Mr. Connolly still tells me that he sent a note.

Mr. CHIPERFIELD. Which shows that there is still some faith in the old adage that an untruth stuck to is as good as the truth. [Laughter.]

But you say that he made the statement: "Now, you do not know anything about this; what do you want to get into it for?" When did he make that statement?

Mr. BOLLING. Shortly before he went to New York.

Mr. CHIPERFIELD. Have you any idea why he made that statement to you at that time?

Mr. BOLLING. No, sir; I have not.

Mr. CHIPERFIELD. Was it a suggestion to you that you should limit your testimony?

Mr. BOLLING. Well, no; I do not——

Mr. CHIPERFIELD (interposing). Strike the question. Was it a suggestion to you that you should limit your sources of information?

Mr. BOLLING. I do not understand that, exactly.

Mr. CHIPERFIELD. That you should not inquire into things that would enable you to testify were you called again?

Mr. BOLLING. Well, I do not know, Mr. Chiperfield.

Mr. CHIPERFIELD. Now, I assume, and I am stating my own personal belief, that when you came before the committee at your first testimony, that you endeavored to frankly tell them the facts?

Mr. BOLLING. Yes, sir.

Mr. CHIPERFIELD. When you went back to your office, I have no doubt but what you talked over with Mr. Connolly the statement that you had made before the committee?

Mr. BOLLING. Yes, sir.

Mr. CHIPERFIELD. Naturally you would do that?

Mr. BOLLING. I did.

Mr. CHIPERFIELD. And you told him the substance of your testimony?

Mr. BOLLING. Yes, sir.

Mr. CHIPERFIELD. And you said to him, I have no doubt—if I am wrong, you may correct me—that "I went before the committee and told them that our office had no knowledge whatever of the proposed peace note; that we did not have any advance information with reference to that subject matter." You probably said that to him, in substance?

Mr. BOLLING. I certainly did convey that to him.

Mr. CHIPERFIELD. Yes. I do not mean, of course, that you adopted my words, but to make it as short as possible, you told him you had been there and given the firm a clean bill of health, and that you believed at the time you were justified in doing so?

Mr. BOLLING. Yes, sir.

Mr. CHIPERFIELD. Did he make any explanation at that time?

Mr. BOLLING. No, sir.

Mr. CHIPERFIELD. Do you mean to say that you had come before this committee and testified to that effect, and that he still left you in the dark as to the true state of facts?

Mr. BOLLING. That is right.

Mr. HARRISON. A moment ago some gentleman asked you the question if you and Mr. Connolly, speaking about December the 20th, and along about that time, were on very cordial relations, and you said, "Yes, sir; at that time." What did you mean by that? Is there any significance in the words "At that time?"

Mr. BOLLING. No, sir; I did not mean in that way. I had no rupture with him.

Mr. HARRISON. You did not mean that you were on cordial relations with him at that time, but not now?

Mr. BOLLING. Well—no, I did not mean to convey that.

Mr. HARRISON. Do you want to make any statement touching that proposition?

Mr. CONNOLLY. No, sir; I won't make a statement now; no, sir; thank you.

Mr. HARRISON. That is all.

Mr. WHIPPLE. Your partner, Mr. Robertson, handed me a copy of your partnership papers, and I find that they are dated the 14th of August, 1916. Do you know whether they were dated back?

Mr. BOLLING. Mr. Whipple, I do not know that. I think that is an error, sir.

Mr. WHIPPLE. The explanation given by your partner is——

Mr. BOLLING (interposing). I think that is—let me make my explanation first.

Mr. WHIPPLE. Yes; that is right.

Mr. BOLLING. That this agreement was a copy or compiled from an agreement that Mr. Robertson and Mr. Connolly had together, and possibly that is the way the mistake occurred. That agreement, of course, should have been dated August, and possibly in copying it, whoever did it, copied the date at the top of the same. I do not know of any other reason for it.

Mr. WHIPPLE. It is possible that it was dated back so as to give you your share of the profits from the beginning?

Mr. BOLLING. I did not know that it was dated back, sir.

Mr. WHIPPLE. Mr. Chairman and gentlemen, I think the only things that may be of interest are the passage under "Speculation" and the paragraph under "Stock-exchange seat." Would it be your will that I should read this into the record?

The CHAIRMAN. Read those into the record.

Mr. WHIPPLE. "Speculation"—that is the heading. "It is further agreed that neither of the partners shall speculate in any stock, stocks, bond or bonds, or in any manner or form, upon or in any of the

markets wheresoever located or situated, during the life or existence of this partnership.

"Stock-exchange seat: It is further agreed that the stock-exchange seat be purchased in the name of Francis A. Connolly, but that same shall belong to H. W. Robertson, F. A. Connolly, and R. W. Bolling, equally, and that, should either of the three partners wish to withdraw from said partnership he may have the privilege of doing so for a certain amount of money which will have to meet with the mutual consent of all three partners, and said amount to be paid to the withdrawing partner by the two remaining parties. Signed: H. W. Robertson, F. A. Connolly, R. W. Bolling. Witnesses: Mr. Compton" and another gentleman whose name I can not read.

I call your attention to this provision as to the stock-exchange seat as being contradictory to the testimony of Mr. Connolly in New York.

Mr. CHIPERFIELD. What was that first paragraph, Mr. Whipple?

Mr. WHIPPLE. I said that I call attention to this stock-exchange seat because it is a direct contradiction of the testimony of Mr. Connolly in New York, as I understood it, which the gentlemen of the committee will remember was in substance that the \$30,000 was paid by each of his partners for the privilege of being associated with him, and on account of his experience in stock-exchange matters.

Mr. BENNET. His testimony was:

Mr. WHIPPLE. But the seat I understand you purchased with your own funds, and that belongs to you?

Mr. CONNOLLY. Yes, sir; to me absolutely.

Mr. WHIPPLE. And the other capital that was used in the firm belongs to the partners?

Mr. CONNOLLY. Belongs to the partners.

Mr. WHIPPLE. On what page of the record is that?

Mr. BENNET. That is on page 694 of the printed record, and on page 695 of the printed record is the following:

Q. The question is raised as to the amount that the gentlemen paid you for a partnership interest. I do not want you to hesitate at all in objecting to the disclosure, if you wish, and then the committee will deal with it.

A. I do not wish to object to anything. I do not mind saying that it was \$30,000 apiece.

Q. That is, each of them gave you \$30,000?

A. Yes, sir.

Q. For the privilege of being associated with you as a partner?

A. Yes, sir.

Mr. WHIPPLE. The date that it bears is the 14th day of August, 1916. In the typewritten part, and as I run my eye over it, I do not see that it provides for a capital or contributions for capital of the firm. You said this afternoon, Mr. Bolling, that this afternoon you would be prepared to say just when your account was closed out. Have you that fact?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. When was it?

Mr. BOLLING. December 13.

Mr. WHIPPLE. December 13?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. That is, the last stock that you were carrying was sold that day?

Mr. BOLLING. Yes, sir.

Mr. WHIPPLE. Have you bought or sold any stock since the 13th of December?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. In no way, directly or indirectly?

Mr. BOLLING. Absolutely not.

Mr. WHIPPLE. In your own name or in any other name?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Either individually or in connection with anybody else?

Mr. BOLLING. Absolutely not.

Mr. WHIPPLE. And have no interest in accounts carried in anybody else's name?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. And have had no talk with anyone with regard to having an interest carried for you?

Mr. BOLLING. No, sir.

Mr. WHIPPLE. Mr. Lenroot, does that cover what we asked for this morning?

Mr. LENROOT. Yes; except as to certain detailed statements, which he was to furnish the committee for the use of the committee.

Mr. WHIPPLE. Those, I think, he gave orally?

The CHAIRMAN. He will give them later, I understand.

Mr. LENROOT. Have you got those with you?

Mr. BOLLING. Yes, sir.

Mr. LENROOT. We do not care to use them in the hearing.

Mr. WHIPPLE. No, sir.

Mr. CHIPERFIELD. When I inquired of you when you were on the stand before:

Were you yourself, Mr. Bolling, in the market in the purchase or sale of securities on any stock exchange, say, from the 13th to the 22d of December, 1916?

Mr. BOLLING. No, sir.

That is your reply as the record shows. I take it that that was inadvertance on your part as to the one or two days difference?

Mr. BOLLING. Yes, sir; I was considering the 20th.

Mr. CHIPERFIELD. And in that connection I presume you wish to correct that statement?

Mr. BOLLING. I do.

Mr. BENNET. I think as a matter of justice to Mr. Bolling that he chose as the day on which to sell the worst day in the month, except the 21st. He sold his stock holdings on the day after the Von Bethmann-Hollweg speech, when the market had gone down very sharply. I would be very glad to put that in the record.

Mr. WHIPPLE. Perhaps there was the coerciveness of fate in it, or of chance?

Mr. BENNET. Give him the benefit of it.

Mr. WHIPPLE. A lot of people, I suppose, sold on that day that did not know—I mean their agents, that did not know they sold until the next day. Their agents sold for them.

The CHAIRMAN. Any other questions?

Mr. WHIPPLE. That is all. Congressman Pou has called something to my attention which I had overlooked which I really think ought to be in the record—another paragraph in the agreement. Shall I read it, Mr. Chairman, into the record?

The CHAIRMAN. Read it.

Mr. WHIPPLE. It is under the heading of "Management."

The management of said firm shall be conducted in a dignified manner, and nothing shall be done without the mutual consent of all three partners.

Mr. CHIPERFIELD. That was really an agreement for the dissolution of the firm by Mr. Connolly withdrawing.

Mr. POU. And it also shows that no note ought to have been sent without the agreement of the partners.

Mr. CHIPERFIELD. That is true.

Mr. WHIPPLE. Is it your will that this should be returned to Mr. Bolling?

The CHAIRMAN. Yes. I presume that we have all of it that we wish. Who is your next witness, Mr. Whipple?

Mr. WHIPPLE. Mr. Ramsey was referred to in the last witness's statement, and he has disclosed to counsel some matters which I deem of importance to bring before the committee. Mr. Essary's testimony, however, is unfinished, and whether the committee will finish the witnesses as fast as they can finish their testimony, or take a new one, I shall be glad to take their direction.

The CHAIRMAN. Just as you wish.

Mr. WHIPPLE. I think if it does not make any difference to Mr. Ramsey, that Mr. Essary's testimony ought to be closed up.

The CHAIRMAN. Mr. Essary, come forward.

TESTIMONY OF MR. J. FRED ESSARY—Resumed.

Mr. WHIPPLE. I think that the gentlemen of the committee had not finished the examination, but I made the suggestion this morning that it seemed fair to Mr. Essary to read over the President's note and compare it with the forecast of which he says he is the author, and if he has anything to say on that subject to the committee, that it might be stated in his own language.

The CHAIRMAN. Did you wish to say that first, or say anything, Mr. Essary?

Mr. ESSARY. At this time, if it is agreeable to the committee.

Mr. GARRETT. I understood the witness to state in his testimony on Saturday that he did not regard his note as a very accurate forecast of the President's message?

Mr. WHIPPLE. I think that perhaps he suggested that my suggestion that it was was too flattering, but the import was the same.

Mr. GARRETT. I think he used that expression, and he also stated what you have said.

The CHAIRMAN. For the present, proceed in your own way, Mr. Essary.

Mr. ESSARY. I have taken occasion, since I last testified, to examine the President's note given out at 5 o'clock on December 20, to make some comparison with the forecast or interpretation that I placed upon it in the message sent to Mr. Connolly's office to Hutton & Co.

I find that the President's note in effect call for the views or terms upon which the nations at war would be willing to discuss peace. My message did not remotely mention that circumstance.

The note further suggested that measures be taken for the future peace of the world—permanent peace of the world, as I probably had better express it—the permanent peace of the world. I had no such intimation in my telegram.

The President's note also expresses a willingness for the Government of the United States to use its influence in behalf of some plan for permanent peace. I had no such intimation in my note.

The note asked specifically for the objects for which the belligerent governments were fighting. I had no such suggestion as that in my memorandum.

The note stated that there was not a proposal of mediation. I had that same conclusion in my memorandum. That, and the fact that the note was addressed to both groups of governments, and the general fact that both dealt with peace, are about the only points that I observe are the same in each. I thought that perhaps might have some weight with the committee in determining whether I had actual knowledge or had seen the note before it was sent or was in direct communication with anybody who had seen it before it was sent.

Mr. WHIPPLE. May I be permitted to put this question, based upon some information that has come to me since I examined Mr. Essary?

The CHAIRMAN. Certainly.

Mr. WHIPPLE. Before you went down to the Connolly office with the message which was sent, did you call that office upon the telephone?

Mr. ESSARY. I do not think so. I have no recollection whatever of having done so.

Mr. WHIPPLE. I want to put it more pointedly than that. Did you call up the Connolly office and speak with Mr. Connolly on this subject matter within 15 minutes of the time that Mr. Secretary Lansing gave out his statement?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. Or within half an hour of that time?

Mr. ESSARY. No, sir.

Mr. WHIPPLE. Do you know of any reporter or reporters who did?

Mr. ESSARY. No, sir; I do not.

Mr. WHIPPLE. And if it be a fact that within 15 minutes or half an hour of Secretary Lansing's announcement a reporter or reporters called up Mr. Connolly to ask him what he knew about the note to which the Secretary referred, you have no knowledge of it?

Mr. ESSARY. No knowledge of it; no, sir.

Mr. WHIPPLE. Did you have any communication of any sort directly or indirectly, with Mr. Connolly himself between the time that you learned of the fact that a note was to be delivered at 5 o'clock and the time that you entered his office and delivered the message for transmission?

Mr. ESSARY. I have no recollection of having any communication at all.

Mr. WHIPPLE. Is your memory so clear that you can say positively that you did not?

Mr. ESSARY. I am practically positive on that point; yes, sir.

Mr. BENNET. Mr. Essary, when I was questioning you last evening I asked you if you had any other employment than your newspaper vocation, and you said you had not?

Mr. ESSARY. No, sir.

Mr. BENNET. Were you employed during the recent campaign by either national committee?

Mr. ESSARY. Yes, sir.

Mr. BENNET. Which one?

Mr. ESSARY. The Democratic National Committee.

Mr. BENNET. And in what capacity?

Mr. ESSARY. To prepare a series of signed articles by certain Members of the House and Senate and the Cabinet for use as publicity.

Mr. BENNET. That is, as I understand it, not an extraordinary thing. Busy men wanted to give out articles which contained substantially their views, and you ascertained what those views were, put them in literary form, and they signed them?

Mr. ESSARY. Well, most of these in this particular case, Mr. Bennet, were written by the men whose names were attached to them. I merely assembled them.

Mr. BENNET. You wrote what you——

Mr. ESSARY (interposing). I requested these things from each of the individuals, and in practically every instance they were prepared by themselves and signed by themselves.

Mr. BENNET. I was trying to be very careful to not insinuate that it was anything out of the usual. I appreciate that, and I presume that the reason you did not disclose that fact, in answer to my inquiry, was that that employment had ceased?

Mr. ESSARY. Yes, sir.

Mr. BENNET. You had no idea of keeping anything away from us?

Mr. ESSARY. Nothing at all.

Mr. BENNET. If it is not intruding on delicate ground, through whom did you obtain that employment?

Mr. ESSARY. Mr. Willey.

Mr. BENNET. What Mr. Willey?

Mr. ESSARY. Mr. Robert W. Willey.

Mr. BENNET. What was his position?

Mr. ESSARY. He was in charge of the publicity campaign for the Democratic committee.

Mr. BENNET. Were you connected then with what was known as the publicity bureau?

Mr. ESSARY. Not directly. I was engaged by him to do a specific piece of work.

Mr. BENNET. To do work sporadically for the head of the publicity bureau?

Mr. ESSARY. Yes, sir.

Mr. BENNET. You spent a good of time this morning going over that note of December 18—the note which was made public?

Mr. ESSARY. Yes; the one which I have just referred to.

Mr. BENNET. And it is your testimony that your judgment is that that interpretation of the note was not as good as a man might have made if he had seen it?

Mr. ESSARY. Not as good as a man might have made if he had seen or handled or had any direct or even indirect information as to what the note contained. My memorandum merely purported to be an interpretation.

Mr. BENNET. You have answered my question.

Mr. ESSARY. Pardon me if I volunteered too much. I am trying to make it clear.

Mr. BENNET. Your message over Connolly & Co.'s wire as it appears in our record; that is, the transcript made by Mr. Ellis, which I understand from you is substantially correct?

Mr. ESSARY. In general terms, as I have said; yes.

Mr. BENNET (continuing). Consists of but three messages. The information conveyed in the first sentence is that a highly important message to all belligerents and neutrals has been issued from Washington. Nobody could have made a more correct statement, so far, could they?

Mr. ESSARY. No, sir; that is quite correct.

Mr. BENNET. Your last sentence is "Full text is to be given out to-night, and will be looked on as move of great moment." That was literally accurate?

Mr. ESSARY. Yes, sir.

Mr. BENNET. Now, take a piece of paper and a pencil, and in one sentence write a better description of the note for its effect on the stock market and the middle sentence?

Mr. ESSARY. I could not undertake to do that.

The CHAIRMAN. Which is the middle sentence?

Mr. BENNET. The remaining sentence: "Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon." You have spent the morning studying the message? Somebody made a one sentence description of that message.

Mr. GARRETT. What page is that?

Mr. BENNET. Page 609.

Mr. GARRETT. Page 609, you say?

Mr. BENNET. Yes, sir. You made a better one?

Mr. ESSARY. I do not undertake to do that.

Mr. BENNET. You would not undertake to do that, would you?

Mr. ESSARY. No, sir. I would not. I hardly think it is fair to ask it.

Mr. GARRETT. If I understood Mr. Bennet's question, and he will correct me, of course, if I am wrong, I understood him to ask the witness to take a pencil and write a sentence that would be likely to have a greater effect on the stock market?

Mr. BENNET. Oh, no. A better description of the President's note for stock-market purposes, than that sentence which is used to describe the note.

Mr. GARRETT. Oh, perhaps I misunderstood. I did misunderstand it.

Mr. CHIPERFIELD. I would like to ask one or two questions.

The CHAIRMAN. Very well.

Mr. CHIPERFIELD. Mr. Essary, did you have any conversation with Mr. Connolly, either shortly before or shortly after his return from New York City, where he had given his testimony?

Mr. ESSARY. No, sir.

Mr. CHIPERFIELD. Have you never had any conversation with him about the story, either that he would tell or that he had told before this committee?

Mr. ESSARY. Mr. Connolly, I testified yesterday, came to my office last evening—no.

Mr. CHIPERFIELD. Are you sure that is not right?

Mr. ESSARY. I am trying to be sure—yesterday morning, I think it was, at which time I read to him the statement which I have read to this committee.

Mr. CHIPERFIELD. The thing to which I wish to direct your attention, and the only thing in addition to what you have said that I am at all interested in is this: Mr. Connolly, as you know, came before this committee and said that he sent a certain telegram?

Mr. ESSARY. Yes, sir.

Mr. CHIPERFIELD. Without going into the question as to whether or not that is true, it also appears from the testimony that a short time before it is said his telegram was sent, that this one which you have mentioned was put on the wire. You understand that to be the fact?

Mr. ESSARY. Yes; I understand that to be the fact.

Mr. CHIPERFIELD. Now, on that subject, either before or since, have you had any talk with Mr. Connolly?

Mr. ESSARY. No, sir.

Mr. CHIPERFIELD. Have you had any conversation with Mr. Connolly within the last 24 hours?

Mr. ESSARY. I had that conversation yesterday about the statement which I have just referred to.

Mr. CHIPERFIELD. Have you had any other conversation with Mr. Connolly?

Mr. ESSARY. No, sir.

Mr. CHIPERFIELD. Did you see him last evening?

Mr. ESSARY. No, sir; I did not.

Mr. CHIPERFIELD. So Mr. Connolly has never attempted to make any explanation to you?

Mr. ESSARY. None whatever.

Mr. CHIPERFIELD. Or to converse with you on the subject as to why he did not disclose the fact that he obtained information from you?

Mr. ESSARY. No, sir.

Mr. CHIPERFIELD. Shortly after you sent this telegram, did you tell Mr. Connolly that you had sent it?

Mr. ESSARY. No, sir.

Mr. CHIPERFIELD. Did you ever speak to him of it?

Mr. ESSARY. I do not recollect having mentioned it to him.

Mr. CHIPERFIELD. You saw his testimony in New York, did you?

Mr. ESSARY. Yes, sir; in the newspapers.

Mr. CHIPERFIELD. The substance of it, as it was published?

Mr. ESSARY. Yes, sir.

Mr. CHIPERFIELD. Did you see the statement made by Mr. Connolly on that occasion that the only source from which he obtained any information at all was bystanders in the office?

Mr. ESSARY. I have some recollection of that statement; yes.

Mr. CHIPERFIELD. Did you ever discuss that with him in any way?

Mr. ESSARY. No.

Mr. CHIPERFIELD. That is all.

Mr. HARRISON. Yesterday, Mr. Essary, Mr. Reynolds in testifying said that he talked to you over the phone at 12.45, I believe it was. At that time where were you?

Mr. ESSARY. I was in my office when that conversation took place.

Mr. HARRISON. Was that before or after you had written this note?

Mr. ESSARY. I do not know whether it was before or afterwards. I think it was before.

Mr. HARRISON. How long before?

Mr. ESSARY. If it was at that hour, it was not very much before; perhaps a half an hour before, or three-quarters.

Mr. HARRISON. Then the message must have been written around 12.45?

Mr. ESSARY. Yes, sir; or 1.

Mr. HARRISON. You understood Mr. Bennet's question when he asked you to interpret that middle sentence or clause, whether or not you could think up a sentence that would have more influence for stock-market purposes, did you not?

Mr. BENNET. Oh, no; that was not my question.

Mr. HARRISON. Better interpreted for stock purposes?

Mr. BENNET. A better description of the note in one sentence for stock market purposes.

Mr. HARRISON. Now, I want to ask you touching the matter which you have brought out, if you had read the note, that you would have drafted this message differently. I understood you to say that you would?

Mr. ESSARY. Quite differently; yes, sir.

Mr. HARRISON. And you said that the only two things that are correctly interpreted in your message were what? The time of the delivery of the message, I understood you to say was one, and what else?

Mr. ESSARY. And the fact that it was addressed to the two groups of nations, the belligerent group and the neutral group.

Mr. HARRISON. Your message does not say anything about it being addressed to the neutrals. The Connolly message stated that it was addressed to neutrals. Your message reads this way: "We are confidentially informed that a highly important message to all belligerents."

Mr. BENNET. And neutrals, up at the top of the page.

Mr. HARRISON. I did not see that "and neutrals." So that both are alike in that respect?

Mr. ESSARY. Both are alike in that respect.

Mr. HARRISON. But the "neutrals" is away up here [indicating]?

Mr. ESSARY. Yes, sir.

Mr. HARRISON. So it was addressed to both neutrals and belligerents. To that extent they are alike, then?

Mr. ESSARY. It was addressed to the belligerents, as I now find, and copies sent to the neutrals; but the effect is to send it to both.

Mr. HARRISON. Let us see the second paragraph of that message: "Interpreted not as pressure on belligerents in behalf of peace." From a reading of the message, would you now state that that is a correct interpretation of it, that it was not a pressure on belligerents in behalf of peace?

Mr. ESSARY. No, sir; I would regard that as decidedly misleading.

Mr. HARRISON. So if you had relied upon interpreting the note from having read the note, instead of putting "not" in there, you would have said "interpreted as pressure on belligerents in behalf of peace," would you not?

Mr. ESSARY. Exactly.

Mr. HARRISON. I notice in reading the note, it says:

In the measures taken to secure the future peace of the world the people and the Government of the United States are as vitally and as directly interested as the Governments now at war. Their interests, moreover, in the means to be adopted to

relieve the smaller and the weaker peoples of the world of the perils of wrong and violence is as quick and ardent as that of any other people or Government. They stand ready, and even eager, to cooperate in the accomplishment of these ends when the war is over, with every influence and resource at their command. But the war must first be concluded. The terms upon which it is to be concluded they are not at liberty to suggest; but the President does feel that it is his right and his duty to point out their intimate interest in its conclusion, lest it should presently be too late to accomplish the greater things which lie beyond its conclusion. * * *

The President therefore feels altogether justified in suggesting an immediate opportunity for a comparison of views as to the terms which must precede those ultimate arrangements for the peace of the world which all desire.

I will ask you if, from your reading of the note, the underlying fact in it is that the President was trying to get the belligerents to state or to avow their respective views as to the terms upon which the war might be concluded and the arrangements which would be deemed satisfactory, etc., so that each belligerent might say what each would avow itself of, so that they could get together on some peace proposition?

Mr. ESSARY. Yes, sir.

Mr. HARRISON. So, as a matter of fact, then, if you had read the note, you would have said and interpreted it as a pressure on belligerents in behalf of peace?

Mr. ESSARY. In behalf of peace.

Mr. HARRISON. Now, you say further, "But as an opportunity to put American demands on record." Is there anything in the note that says American demands were to be put on record, or was it that the belligerents were to put their demands on record?

Mr. ESSARY. I find nothing in the note that indicates that.

Mr. HARRISON. Well, I read this: Would you interpret this as being that—

The President suggests that an early occasion be sought to call out from all the nations now at war such an avowal of their respective views as to terms upon which the war might be concluded and the arrangements which would be deemed satisfactory as to guarantee against its renewal or the kindling of any similar conflict in the future as would make it possible frankly to compare them. He is indifferent as to the means taken to accomplish this. He would be happy himself to serve or even to take the initiative in its accomplishment in any way that might prove acceptable.

And so forth. Then winding up with this:

The President is not proposing peace; he is not even offering mediation. He is merely proposing that soundings be taken in order that we may learn, the neutral nations with the belligerents, how near the haven of peace may be for which all mankind longs with an intense and an increasing longing.

So your interpretation of the note would not be that it would be to give an opportunity to put American demands on record, but it would have been an opportunity to put the belligerents' demands on record, if you had seen the note and correctly interpreted it.

Mr. ESSARY. The belligerent demands and the belligerent terms.

Mr. HARRISON. Now, you have another clause in there: "And warning that neutral rights must not be further encroached upon." In reading the note, is there anything there that would substantiate that allegation in your message?

Mr. ESSARY. There is nothing that bears that out; no, sir.

Mr. HARRISON. That is all.

Mr. LENROOT. One or two questions following the questions Mr. Harrison has asked you. This paragraph agrees with the note:

"In the measures taken to secure the future peace of the world the people and the Government of the United States are as vitally and as

directly interested as the Governments now at war. Their interests, moreover, in the means to be adopted to relieve the smaller and weaker peoples of the world of the peril of wrong and violence is as quick and ardent as that of any other people or Government. They stand ready, and even eager, to cooperate in the accomplishment of these ends when the war is over with every influence and resource at their command."

After listening to that paragraph do you say that that paragraph of the note is not entirely in harmony with your note, the second sentence of it, the paragraph that I have read to you?

Mr. ESSARY. Would you mind reading the second sentence in my note?

Mr. LENROOT. Will you read it, Mr. Bennet?

Mr. BENNET. The second sentence is "Interpreted not as pressure on belligerents in behalf of peace, but an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon."

Mr. ESSARY. I do not see that that section that Mr. Lenroot reads has a direct bearing on the sentence which Mr. Bennet has read from my message.

Mr. LENROOT. Does the paragraph that I have read to you clearly put forth the position of the United States and its interests?

Mr. ESSARY. Its interests, but not its demands in connection with the terms of peace, as I would interpret it.

Mr. LENROOT. Yes. Your note does not say "American demands"?

Mr. ESSARY. No.

Mr. BENNET. "Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon."

Mr. ESSARY. That is the point.

Mr. LENROOT. Do you say the paragraph I have read to you is inconsistent with the interpretation you gave it?

Mr. ESSARY. Not wholly inconsistent, but it is not as specific—the note itself does not specifically say, as I gather it, that American demands must be put on record to be considered in the event of peace?

Mr. LENROOT. No; but they have to this extent in the note itself. Now, one other question. I will take another paragraph first; another paragraph of this note, which reads as follows:

The life of the entire world has been profoundly affected. Every part of the great family of mankind has felt the burden and terror of this unprecedented contest of arms. No nation in the civilized world can be said in truth to stand outside its influence or to be safe against its disturbing effects; and yet the concrete objects for which it is being waged have never been definitely stated.

Do you think that that states the American position in the note itself with reference to this world war?

Mr. ESSARY. That outlines no specific demands which this country will make in connection with peace.

Mr. LENROOT. Oh, no; not at all; but it is consistent with the telegram which you wrote, is it not?

Mr. ESSARY. Oh, it is not inconsistent.

Mr. LENROOT. So far as what shall occur after this war is over with reference to permanent peace, which you discussed at some

little length, that would not be of the slightest interest to the stock market, would it?

Mr. ESSARY. I do not know.

Mr. LENROOT. What might occur after this war is over with reference to permanent peace could not possibly affect the stocks now, could it?

Mr. ESSARY. That is a question that I couldn't answer, as to what would affect stocks now or at any time.

Mr. LENROOT. Supposing it was said that there was to be peace in the world 10 years from now; do you think that would have an effect on the stock market to-morrow?

Mr. ESSARY. No; I think not.

Mr. LENROOT. You say this is not to be interpreted as pressure on belligerents in behalf of peace. The last paragraph of the President's note is as follows:

The President is not proposing peace; he is not even offering mediation. He is merely proposing that soundings be taken in order that we may learn, the neutral nations with the belligerent, how near the haven of peace may be for which all mankind longs with an intense and increasing longing.

You said a moment ago that you now construed the note to be one of pressure upon the belligerents for peace, which is directly contrary to the express words in the note itself?

Mr. ESSARY. But not contrary to the paragraph which Mr. Harrison quoted to me from the note.

Mr. LENROOT. Well, if the President had said that he is not proposing peace and not even mediation, how can you possibly construe the note as pressure upon the belligerents for peace when you have expressly said it was not?

Mr. ESSARY. I think the whole burden of the note is pressure in behalf of peace.

Mr. LENROOT. That is all.

Mr. BENNET. May I just read you that last sentence, in justice to the President?

Mr. ESSARY. Yes, sir.

Mr. BENNETT (reading):

He is merely proposing that soundings be taken in order that we may learn, the neutral nations with the belligerent, how near the haven of peace may be for which all mankind longs with an intense and increasing longing. He believes that the spirit in which he speaks and the objects for which he seeks will be understood by all concerned, and he confidently hopes for a response which will bring a new light into the affairs of the world.

Do you regard that beautiful language—and I speak seriously—do you regard that as grim pressure on these warring nations for peace? Don't you take the President seriously?

Mr. ESSARY. I take the President very seriously.

Mr. BENNETT (continuing). When he says it is not proposing peace and not even offering mediation, but merely taking soundings to find out how near we are to the haven that all men desire.

Mr. ESSARY. I take that entire note, the entire burden of the President's note, as pressure on behalf of peace. I can not take one sentence or two sentences as you may read them and so apply them, perhaps, but I think the whole purpose and tenor of that note was pressure in behalf of peace.

Mr. BENNET. Well, I have got a higher opinion of the President's purpose. That is all.

Mr. HARRISON. You heard the President's speech in the Senate recently, did you, or did you read it?

Mr. ESSARY. I read it. I did not happen to hear it personally. I was sick in bed at the time.

Mr. HARRISON. He really did present American demands in that speech, did he not?

Mr. ESSARY. He did, as I recall.

The CHAIRMAN. Are you through with Mr. Essary, or do you wish to hold him subject to the call of the committee?

Mr. WHIPPLE. I now anticipate no reason for his recall, but there have been so many occasions when the testimony of new witnesses has required the recall of the others, I think it would be well if Mr. Essary would notify the committee if he has any occasion to leave; otherwise being right here, we could call him.

The CHAIRMAN. Yes. Of course that does not mean that you must remain in the room, Mr. Essary, but let us know where you would be in case you should be wanted.

Mr. ESSARY. Yes, sir.

Mr. WHIPPLE. Is Mr. Roper in the room? (After a pause.) He said he would come up immediately after the stock market closed. They say in about 15 or 20 minutes that he will be here.

Mr. CHIPERFIELD. Very good.

Mr. WHIPPLE. Shall I call Mr. Ramsey?

The CHAIRMAN. Yes; call Mr. Ramsey, and in the meantime, gentlemen of the committee will ask those who are smoking not to smoke in the room. We have a rule against smoking in the room.

TESTIMONY OF MR. WALTER P. RAMSEY.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name?

Mr. RAMSEY. Walker P. Ramsey.

Mr. WHIPPLE. Where do you live?

Mr. RAMSEY. My office is Commercial Bank Building, Washington, D. C.

Mr. WHIPPLE. What is your business or occupation?

Mr. RAMSEY. I represent contractors and manufacturers and claimants before the Government of the United States.

Mr. WHIPPLE. How long have you followed that occupation?

Mr. RAMSEY. For the last eight years.

Mr. WHIPPLE. You were spoken of by a former witness as being a solicitor. Does that describe your business?

Mr. RAMSEY. That describes my business. Permit me to say that for 27 years prior to that I was connected with the Government of the United States.

Mr. WHIPPLE. In what capacity?

Mr. RAMSEY. I was connected with the Treasury Department. I had charge immediately when I resigned of the accounts of the Panama Canal, in the office of the Auditor for the War Department.

Mr. WHIPPLE. So you have lived in Washington for a great many years?

Mr. RAMSEY. Ever since 1890, and prior to that I was connected with the Government service in the Indian Service in Idaho.

Mr. WHIPPLE. You have been in the Government service quite a long period of time?

Mr. RAMSEY. Since I was a boy 17 years of age.

Mr. WHIPPLE. Do you know the firm of F. A. Connolly & Co.?

Mr. RAMSEY. Yes, sir.

Mr. WHIPPLE. Did you have business transactions with them in December, or at least did you have occasion to be in there?

Mr. RAMSEY. I do not know whether in December—I did have business with them in October and November, and possibly early in December. I quit them some time in December.

Mr. WHIPPLE. Did you have occasion to be or did you happen to be in their offices on December 20?

Mr. RAMSEY. Yes, sir.

Mr. WHIPPLE. Can you remember who were there and what time you were there and how long you stayed?

Mr. RAMSEY. I was there a few minutes after 11 o'clock. I remain in my office every morning until shortly after 10, and then I go out about my business, and I happen to be in there every day. I am in there every day of my life, maybe for a minute or five minutes or ten minutes, or something like that.

Mr. WHIPPLE. That is, at Mr. Connolly's office?

Mr. RAMSEY. Yes, sir; and I was there on the 20th day of December.

Mr. WHIPPLE. Not including Sundays?

Mr. RAMSEY. Not including Sundays, and the days when the market is not open.

Mr. WHIPPLE. Are you familiar with the customers who are likely to be there and do assemble there in the morning hours?

Mr. RAMSEY. Well, I know a great many of them. I know them by face; a great many of them I do not know by names, but I do know by face.

Mr. WHIPPLE. Let me ask you if you knew Mr. Essary, the gentleman who just left the witness stand?

Mr. RAMSEY. I just saw him just a few minutes ago. I can not recall having seen Mr. Essary in Mr. Connolly's office.

Mr. WHIPPLE. Do you know who he is, or did you know?

Mr. RAMSEY. I know who he is; yes, sir. I had heard and know who he is.

Mr. WHIPPLE. When did you first hear who he was and what his business was?

Mr. RAMSEY. I have known that he represented the Baltimore Sun here for some time. I frequently go in there and get a copy of their paper, on account of the financial news; but especially when the statements of banks are out, they publish a list of the banks, their statements, in the adjoining country around here.

Mr. WHIPPLE. You knew him by reputation?

Mr. RAMSEY. I knew him by reputation; yes, sir.

Mr. WHIPPLE. Now, can you remember when and under what circumstances you first heard any mention of the President sending a message to belligerents or to neutrals or anything of that sort?

Mr. RAMSEY. On the 20th of December, just a few minutes after 11 o'clock, I happened to be in the office of F. A. Connolly & Co., and the telephone rang, and I was talking to Mr. Connolly and looking at the bulletin board. Here [indicating] is the bulletin board, and

the telephone is right over here [indicating]; and a gentleman said to Mr. Connolly "They want you," and he went in the booth and did not close the door, and I could hear what he was talking about. I just judge from what he said, you understand.

Mr. WHIPPLE. Can you reproduce that which you heard him say?

Mr. RAMSEY. Well, I just heard him say to these men, whoever was talking to him. I heard the telephone ring, and whoever called him up was from a call station, because I could hear the telephone ring when the money went in, and it attracted my attention. I could not tell you just exactly what he said. When he came out I said, "What is that?" He said, "That is a call from some newspaper men that they want my expert opinion on a message that the President is going to issue." "Well," I said, "Why don't you tell them to come up?" I was there for information and trying to get what I could, and I said, "Tell them to come up," and he said, "They will be up here after awhile," and so I waited around and tried to find out what I could, and I was very busy, I tell you that frankly, and so I rushed over to the firm of J. L. Edwards & Co., and I have been doing business with them, and Mr. Edwards was on the local exchange, and I could not see him, and I went to his bookkeeper, Mr. Boatler, and I said, "Boatler, is anything coming over your wire?" And he said, "No." I said "Connolly has got something," and he said, "Oh, no; he hasn't anything of the kind at all," and I said, "Yes; he has got something, just as certain as two and two makes four. He has got something and I would like to know what it is," and I said, "Why don't you let me in on this thing?" And he said, "We have not got a thing," and I waited around there some time, and after awhile Mr. Edwards came back and I went to Mr. Edwards and I said, "Now, look here, there is something in the air, just as certain as two and two makes four." And he said, "How do you know?" I said "Newspaper men have called Connolly up and want his expert opinion on a message that is going to be delivered by the President," and I said, "I want to know something about it." He said, "I do not know anything about it. He is just joking you," and I went back to Connolly and said, "Have those fellows come in? I saw three fellows come in," and he said, "They want to ask my expert opinion on the local exchange here." I said, "Don't give me anything of that kind. You do not know anything about the local exchange. It was not that all." He said, "Yes; it is." And that is all I know to say.

Mr. WHIPPLE. What time was it that he told you that the newspaper men had just called him and wanted his expert advice on a message the President was going to give out?

Mr. RAMSEY. When he told me that?

Mr. WHIPPLE. Yes.

Mr. RAMSEY. Oh, it must have been about 11.15, or something like that.

Mr. WHIPPLE. How do you fix it?

Mr. RAMSEY. I fix it because I am always in there at 11 o'clock. I keep my time; that is why.

Mr. WHIPPLE. Did you get from him any other or further statement as to who that reporter or those reporters were?

Mr. RAMSEY. He said "Washington newspaper men."

Mr. WHIPPLE. Washington newspaper men?

Mr. RAMSEY. Yes; that is what he said, "Washington newspaper men."

Mr. WHIPPLE. Have you since then tried to learn from him the identity of the people who were calling on him December 20, at 11.15 with regard to an interpretation or expert opinion on the President's message to belligerent powers?

Mr. RAMSEY. No, sir. I have not mentioned it to him at all. I have not said a word to him.

Mr. WHIPPLE. Did you try to get anything from him later that day?

Mr. RAMSEY. No, sir; except the time I asked him what it was about, and he said local exchange.

Mr. WHIPPLE. Now, did you see something posted in his office a little later in the day on that subject?

Mr. RAMSEY. Oh, about 2.15 or 2.20 maybe. It might have been 2.30; something like that.

Mr. WHIPPLE. Yes, at 2.30?

Mr. RAMSEY. Yes.

Mr. WHIPPLE. Let me ask you to look at this paper, Exhibit H-2, and I will ask you to read it and ask if it were that that you saw about 2 o'clock?

Mr. RAMSEY. No, sir; I might have seen this, but this is not what I refer to.

Mr. WHIPPLE. The paper—probably all the committee identify it now—is the stock flash "Wires have it that State Department will issue statement to-day, intended to promote peace prospects." I will ask you to look at this paper, Exhibit H-4, and read it through and see if anything there appearing seems to you to be identical with or similar to the paper you saw in the office?

Mr. RAMSEY. Yes, sir; but it was not on this. It was written on plain white paper.

Mr. WHIPPLE. Was it written or typewritten?

Mr. RAMSEY. Typewritten, punctuated, and everything.

Mr. WHIPPLE. On plain white paper?

Mr. RAMSEY. Yes, sir.

Mr. WHIPPLE. Do you think that it was addressed as it says there, "Rod and all," or what was it?

Mr. RAMSEY. I won't be positive about that at all, and I won't say it was addressed to anyone at all, but I remember this "We are confidentially informed," and that struck me very forcibly.

Mr. WHIPPLE. Could you identify the rest of it with this?

Mr. RAMSEY. I think so, if I was to see the original.

Mr. WHIPPLE. At all events did it have to do with a note or message that was to be put out by the State Department the next day, or sometime?

Mr. RAMSEY. The next day when the report came out, of course, I could identify it, but I could not at that particular time.

Mr. WHIPPLE. I mean, did it indicate something that was to be put out later in the afternoon and to appear the next day?

Mr. RAMSEY. I inferred as much; yes, sir.

Mr. WHIPPLE. Then when you saw that, did you ask Mr. Connolly if that is what the newspaper men had asked him about?

Mr. RAMSEY. No, sir; I did not.

Mr. WHIPPLE. Let me ask you, in the morning when this conversation with Connolly occurred, or either one of them, or in the afternoon, did you see Mr. Bolling there?

Mr. RAMSEY. No, sir; I did not. I asked for Mr. Bolling and Mr. Connolly informed me that Mr. Bolling had a child who was at death's door and he was not there. I went there to see him, and I wanted to get some information in reference to it. I said nothing to Mr. Connolly about it, because when he told me that these newspaper men wanted to get his opinion about the local exchange here in Washington, I knew that he would not tell me.

Mr. WHIPPLE. You knew you were not getting the real information.

Mr. RAMSEY. No, sir; and I had not time to waste that day at all.

Mr. WHIPPLE. And you asked for Mr. Bolling?

Mr. RAMSEY. I did, and the reason I asked for Mr. Bolling was on account of my long service with the Government. I knew there was something wrong, and I tried to get at the bottom of it. That is what I tried to find out.

Mr. WHIPPLE. You did not get Mr. Bolling?

Mr. RAMSEY. No; I did not get Mr. Bolling; and I did not get him even the next day.

Mr. WHIPPLE. Now, at any time did you speak to Mr. Bolling about this paper or about a message having been given out or anything of that sort?

Mr. RAMSEY. I spoke to Mr. Bolling a time or two about it. I went there to him and tried to advise him, and tried to find out something, and he told me he did not know anything about it; that it did not go out from his office at all.

Mr. WHIPPLE. Did you have a conversation with him after Mr. Connolly had gone to New York to testify?

Mr. RAMSEY. I did, after Mr. Connolly had testified.

Mr. WHIPPLE. Won't you tell us what you said to Mr. Bolling?

Mr. RAMSEY. I went around there to see Mr. Bolling. I was very much worked up about this thing, and I went around there to see Mr. Bolling, and I said to Mr. Bolling, "Come into this room. I want to talk to you." We went into a private room, and I locked the door. I said, "I do not want anybody to come in here," and I said to Mr. Bolling, "Now, Mr. Bolling, I am going to tell you something. The committee is right after you. You have read Mr. Connolly's testimony there?" And he said, "Yes." I said, "Now, Mr. Connolly says that he wrote that telegram to Hutton. Now, you know as well as I know that Mr. Connolly never wrote that." Now, I want to explain to you when I say that Mr. Bolling knew as well as I did, I did not mean by that he knew that Mr. Connolly did not personally, but that he knew that Mr. Connolly could not write any thing of that kind as much as I did. He knew it.

Mr. WHIPPLE. That is, he knew his lack of capacity, even if he had plenty of ambition. That is your idea?

Mr. RAMSEY. Most certainly. I said to Mr. Bolling, "This thing has gone far enough. I do not believe you know anything about it. You have been made a goat of, and I am not going to sit in here and see this thing going on. I am going to write to your sister and I am going to write to your brother, and I am going to force you to go up there and tell the truth." He said, "I did not know." I says, "Roper knows it. Roper knows that he sent that telegram. He is

your employee and he has got to go up and give the truth to that committee." I said, "You owe it to your sister and to your family. You have got to tell the truth," and I said, "If you do not do it, I will appear before that committee myself."

Mr. WHIPPLE. What did he say?

Mr. RAMSEY. He says, "I will." So later on he told me, "I have found the information." He says, "I will appear before that committee, and it won't be necessary for you to appear."

Mr. WHIPPLE. Did he tell you what he had found out?

Mr. RAMSEY. He said that Mr. Roper had admitted to him that Mr. Essary had given it to him and he had sent it.

Mr. WHIPPLE. And that was in the conversation very shortly afterwards?

Mr. RAMSEY. Yes, sir.

Mr. WHIPPLE. Did he then explain, or did you know who Mr. Essary was when he used that term, or didn't he use it?

Mr. RAMSEY. I just took it for granted that he knew that I knew who Mr. Essary was.

Mr. WHIPPLE. You did not know that Mr. Essary was a man connected with the Baltimore Sun?

Mr. RAMSEY. When I said "Oh, Bolling, you know as well as I know who sent that telegram, who wrote it," I did not know it. I had my suspicion. I did not know it at that time, but I used that phrase to make him get it out of this other fellow.

Mr. WHIPPLE. You did not go with him to Mr. Roper?

Mr. RAMSEY. No, sir; I did not; but the only thing about it, Mr. Roper knew, because I had been to him for the last two weeks and joking about it, and I said "You have got to come to the front now and give the news."

Mr. WHIPPLE. You had been to Roper?

Mr. RAMSEY. Yes, sir.

Mr. WHIPPLE. What did Roper say when you told him that?

Mr. RAMSEY. He said that he did not know anything about it having been sent, or he would have been wise, and would have made some money out of it.

Mr. WHIPPLE. So he kept denying that he sent it?

Mr. RAMSEY. He kept denying that he sent it.

Mr. WHIPPLE. Up to the time you had this conversation?

Mr. RAMSEY. Yes, sir; until he thought that I did know, and that I was going to come up here, and I think he came up here on that account, because Mr. Bolling had been after him and forced him to admit that he had sent that. That is what I think about it.

The CHAIRMAN. Any further questions, Mr. Whipple?

Mr. WHIPPLE. No, sir.

Mr. CAMPBELL. When was the last conversation you had with Mr. Roper in which he denied knowing anything about this telegram to Hutton & Co.?

Mr. RAMSEY. About the day before he came up here.

Mr. CAMPBELL. What did you say to him?

Mr. RAMSEY. I saw him the day—let see, last Saturday, I think, and I said "They have got you at last," and I said "Now, you will have to come across."

Mr. CAMPBELL. And what did he say?

Mr. RAMSEY. And he said, "Oh, I am going to tell them the truth," and I said "That is all they want." I said "You tell them the truth now and don't try to shield anybody at all."

Mr. CAMPBELL. He had been persistently denying that he knew anything about the message?

Mr. RAMSEY. Yes, sir.

Mr. CAMPBELL. Did he tell you why he was denying it?

Mr. RAMSEY. No; he did not tell me why. He stood back there, and I was at the counter, you know, and I was joking with him all the time.

Mr. CAMPBELL. Did you talk to him before Mr. Connolly went to New York to testify?

Mr. RAMSEY. Oh, yes.

Mr. CAMPBELL. You had a hunch all the time that he knew something?

Mr. RAMSEY. Certainly. I saw the men come in there, and go back there, and I saw him send a telegram—send some telegram, and I presumed it was that.

Mr. CAMPBELL. On the 20th you saw these men?

Mr. RAMSEY. Yes; everything looked suspicious.

Mr. CAMPBELL. That is all.

Mr. WHIPPLE. Mr. Essary you saw come in?

Mr. RAMSEY. I won't be positive it was Essary. I saw three men come in there, and go behind the counter.

Mr. CAMPBELL. What time of the day was that?

Mr. RAMSEY. It must have been about 11.30—between 11.30 and 12 o'clock; something like that.

The CHAIRMAN. And do you think you would know the man that did send it if you saw him?

Mr. RAMSEY. My eyes are a little bad, and I do not remember anything about Mr. Essary at all; when he was pointed out to me to-day I could not say whether Mr. Essary was one of those three men. I have my doubts as to whether he was one of those three men who sent the message. They were men whom I had never seen before, and I know most of these newspaper men, and there was not a single face there that was familiar to me.

The CHAIRMAN. If he says that he did send it, you would not dispute that?

Mr. RAMSEY. Oh, no; I would not dispute it. I had my own version of the matter.

The CHAIRMAN. What is your version?

Mr. RAMSEY. That Connolly had that on December 19 and he mailed it to Hutton & Co. on the 19th in printed form. It is guesswork. I have got nothing in the world to prove it, but that is my idea, and Connolly called on Essary to give him a synopsis of it. They did not understand it; they did not know what it meant. It was Dutch to them; it was German to them, I think. That is my version of it. I do not know anything about it, but that is my version of it, because I am frank to admit to you that when I saw the telegram upon the board I did not know what it meant. If I had, I might have made some money.

Mr. CAMPBELL. If you had been as shrewd as Barney Baruch you would have sold hard and fast and continuously?

Mr. RAMSEY. I certainly would. I was on the other side, and I would have changed.

Mr. GARRETT. As I understand you, you did not even understand the interpretation?

Mr. RAMSEY. No, sir; I did not even understand it, I am free to admit, and I have been around some, too.

Mr. GARRETT. Have you been quite an extensive dealer on the market?

Mr. RAMSEY. Well, no. I have not been an extensive dealer at all. I guess possibly in the last six or seven months I have dealt in 5,000 or 6,000 shares. I have got something like 1,000 shares now. I will give them to you if you will pay my losses on them.

Mr. GARRETT. I am not in the market at this time. Did you have some losses that day on the 20th?

Mr. RAMSEY. Oh, no. I have been burnt before this.

Mr. GARRETT. You had no losses that day?

Mr. RAMSEY. No, sir; I did not.

Mr. GARRETT. You made no deals that day?

Mr. RAMSEY. No, sir; I did not.

Mr. GARRETT. Your initials are W. P.

Mr. RAMSEY. Walker P.

Mr. GARRETT. You have carried accounts with Connolly & Co. for how long?

Mr. RAMSEY. Yes, sir.

Mr. GARRETT. For how long?

Mr. RAMSEY. Oh, I guess nearly ever since Mr. Bolling has been with them.

Mr. GARRETT. Have you carried accounts under any other name than your own?

Mr. RAMSEY. No, sir.

Mr. GARRETT. Have you carried any special account?

Mr. RAMSEY. No, sir; and I will say that I have carried no account on margin at all. I have paid cash for everything I got from them.

Mr. GARRETT. You carry nothing on margin?

Mr. RAMSEY. I carry nothing on margin at all.

Mr. GARRETT. You have not sold any shorts?

Mr. RAMSEY. No, sir.

Mr. GARRETT. You say you have absolutely nothing to base the opinion which you expressed on that Mr. Connolly had in some way obtained a copy of this matter? You have nothing except——

Mr. RAMSEY. I will correct that in this respect. It was well known just before Congress convened around certain places here—I had heard it on several occasions—that the President was going to recommend in his message to Congress certain legislation. I heard that. It was just common rumor, and when the message was read—that is, in reference to railroad legislation—and when the message was read and became public, I found out that my information was correct, and I could not understand why it was. Somebody knew it, but I do not know where it came from at all.

Mr. GARRETT. Don't you recall that a very fair synopsis of the President's annual message was given out a day or two in advance?

Mr. RAMSEY. That is what I say. How it was, I do not know. I have been in this game here for 30 years in the Government's service, and I had never seen anything like that before.

Mr. GARRETT. That really does not have anything to do with this particular question.

Mr. RAMSEY. No.

Mr. GARRETT. What I asked was whether or not you had any other information other than you have said?

Mr. RAMSEY. That is the only thing.

Mr. GARRETT. What is the only thing?

Mr. RAMSEY. From the fact that it was pretty well known that the President was going to recommend to Congress this legislation, so far as railroad legislation was concerned—somebody evidently knew it; somebody was wise—and when this thing came out I just inferred from this other thing, from this note and this telegram, that somebody had got wise on this thing, too.

Mr. GARRETT. When did you first arrive at that conclusion?

Mr. RAMSEY. On the morning of the 21st of December.

Mr. GARRETT. It occurred to you that morning that in all probability this F. A. Connolly & Co. had advanced information of this which they sent to New York on the day before?

Mr. RAMSEY. That was my idea. That is my guess. I do not know. I am just guessing at it.

Mr. GARRETT. You are just recalling from the fact that there was advance information about the annual message?

Mr. RAMSEY. Yes, sir; just reasoning.

The CHAIRMAN. Any further questions? [After a pause.] You may stand aside, Mr. Ramsey.

Mr. WHIPPLE. Mr. Chipperfield, you had not finished your examination of Mr. Roper. Would you like to have Mr. Roper take the stand at this time?

Mr. CHIPPERFIELD. It is entirely immaterial to me. There was a question or two that I was inquiring about that he did not conclude.

The CHAIRMAN. Do you want to finish with him now?

Mr. CHIPPERFIELD. If it is agreeable. I do not want to disturb his felicitation with the other witness, however.

The CHAIRMAN. Perhaps you are right, and I should not have called out to him at this time.

TESTIMONY OF MR. EDWIN ARTHUR ROPER—Resumed.

Mr. CHIPPERFIELD. Just at the hour of adjournment, when you left the stand before, I had asked you a question about the working of your instrument, and the fact that you were seeking to explain that this message might not have got through to Hutton from Connolly?

Mr. ROPER. Yes, sir.

Mr. CHIPPERFIELD. With the idea of clearing up why the operators in the Hutton office said that they did not receive the message. You remember that, do you not?

Mr. ROPER. Yes. I was not trying to clear up the operators in Hutton & Co. I was telling you about what might have happened to the message.

Mr. CHIPPERFIELD. I understand. And your explanation was, if I understand it correctly, that it might be that your wire blew up against a tree, and that the tree might have been wet, and if the tree was wet enough so as to carry a circuit from that wire, it might have the effect of grounding the wire, and if the wire was grounded, that

your message might partially be lost, and if it was grounded long enough, that it might be lost entirely. That is correct?

Mr. ROPER. That is correct. That is scientifically and electrically correct, absolutely.

Mr. CHIPERFIELD. If I understand you correctly, if all of this combination of circumstances worked out just so, your theory might be exact?

Mr. ROPER. Let me tell you under oath, it not only will work out in theory, but it has been with Connolly since he opened upon the 13th of August.

Mr. CHIPERFIELD. Let us not get along so fast. It would require all of this combination of circumstances to explain your theory, would it not?

Mr. ROPER. Those are natural causes that you could find in the log book in any telegraph office. It occurs right along.

Mr. CHIPERFIELD. It would require all of that combination of circumstances to sustain your theory?

Mr. ROPER. Yes, and it is nothing unusual in the telegraph business. It is very common.

Mr. CHIPERFIELD. How long would it take to send that message?

Mr. ROPER. Probably two minutes.

Mr. CHIPERFIELD. How many words were there in it?

Mr. ROPER. I think I testified something around 80 words, did I not?

Mr. CHIPERFIELD. I do not think so.

Mr. ROPER. I think I did.

The CHAIRMAN. Yes; I think he did.

Mr. CHIPERFIELD. Are you bearing in mind the fact that I am referring to the Connolly message?

Mr. ROPER. I beg your pardon. I did not know what you were talking about.

Mr. CHIPERFIELD. That is the message that was lost.

Mr. ROPER. I am talking about the Essary message.

Mr. CHIPERFIELD. That is not the one that got up against the wet tree?

Mr. ROPER. I think it was the Essary message.

Summon or subpoena some telegraphic expert, and I believe he will corroborate what I have said. Then, if that won't do, you had better get the official here.

Mr. CHIPERFIELD. I am content for the time being anyhow. If the committee should feel dissatisfied with your theory, it is then time enough for the reenforcement.

Mr. ROPER. That is it, exactly.

Mr. CHIPERFIELD. You do not remember sending the Connolly message at all, do you?

Mr. ROPER. I think I do.

Mr. CHIPERFIELD. Is your recollection getting stronger as time goes on?

Mr. ROPER. No, I do not think so; not in regard to that. It is in regard to the Essary message. I remembered something when I went home last night.

Mr. CHIPERFIELD. We are not talking about the Essary message, because the Essary message did not get up against a tree.

Mr. ROPER. No; but this gentleman [indicating] said I did not send it at all yesterday.

Mr. CHIPERFIELD. Who said so?

Mr. ROPER. This gentleman here.

Mr. CHIPERFIELD. Which one?

Mr. ROPER. This gentleman looking right at me here [indicating], with the curl in his forehead. [Laughter.] I do not know the names of any of you.

The CHAIRMAN. Let us have order.

Mr. CHIPERFIELD. I would say you ought to be excused, for I am amused, but that does not get the information I am seeking for.

Mr. ROPER. It is very kind on your part.

Mr. CHIPERFIELD. I did not inquire about what Mr. Campbell said, and whatever Mr. Campbell holds he knew or said I know he stated it advisedly, so we will leave that part of it out.

I am inquiring if you know how long it would take to send the Connolly message which was lost, and I am not asking it for any other purpose.

Mr. ROPER. The Connolly message would take two or three minutes to send, maybe longer, because I think it was partly dictated and partly written.

Mr. CHIPERFIELD. That was as you stated before, although you stated you had no positive recollection.

Mr. ROPER. No, I am not positive, but I remember I did send it.

Mr. CHIPERFIELD. I remember your testimony very well. What kind of a circumstance do you think it would be, what kind of a condition do you think it would be that would take this wire by a breeze that was blowing and hold it up against a tree for two or three minutes while your message was running off to the ground?

Mr. ROPER. You get the records of the log book of the American Telegraph & Telephone Co. from the general offices on 24 Wall Street and get an official to check back on this wire since it was installed and you will find plenty of those cases. I testified where we sent an order to sell 50 shares of American Smelting Co. preferred, and the order was never received nor executed. Again we lost three orders, two of which have been filled since and the other one has not been filled.

Mr. CHIPERFIELD. When that is all finished what kind of a condition do you think it would take to hold this wire up against a tree for two or three minutes?

Mr. ROPER. It might not have been against a tree; there may have been a hundred different causes. I simply used the illustration I did because of being a telegrapher. An expert can give you a hundred different reasons.

Mr. CHIPERFIELD. Let us see about the expert opinion of it now. Who furnishes this wire?

Mr. ROPER. I understand it is leased from the American Bell Telephone Co.; that is my idea.

Mr. CHIPERFIELD. Do you happen to know where the batteries are on that wire?

Mr. ROPER. You mean for the main line?

Mr. CHIPERFIELD. The line you used; yes.

Mr. ROPER. There are two batteries, one for the main line, I understand, and one for the local.

Mr. CHIPERFIELD. Which line did you do the sending on when it got up against a tree?

Mr. ROPER. There is only one line. I said there were two batteries, a local battery and a main-line battery.

Mr. CHIPERFIELD. Do you know that there is a local battery?

Mr. ROPER. I think so. I think it is right in the office. There is a local battery, that is to work the sounder. That has nothing to do with the main line.

Mr. CHIPERFIELD. The local battery has nothing to do with the main line?

Mr. ROPER. No, sir.

Mr. CHIPERFIELD. Where is the other battery?

Mr. ROPER. The main line?

Mr. CHIPERFIELD. Yes.

Mr. ROPER. At New York or at both ends.

Mr. CHIPERFIELD. Let us wait a minute until you have some positive information. Do you not know that the battery on the main line is at the New York end of the line?

Mr. ROPER. It may be there or at Washington, or at both ends.

Mr. CHIPERFIELD. Then, as a further question, I wish to ask this: If it is at the New York end of the line, and a ground was to occur, what would happen?

Mr. ROPER. The ground should occur where?

Mr. CHIPERFIELD. Somewhere between Washington and New York; what would happen?

Mr. ROPER. I suppose it would be a good circuit from New York to where it ran into the ground.

Mr. CHIPERFIELD. And what would be on your end of the circuit?

Mr. ROPER. If there was enough battery, I suppose it would run from here to that ground.

Mr. CHIPERFIELD. I am not asking about the New York battery. Under those conditions, which I expect to prove, what would be on your end of the circuit?

Mr. ROPER. That does not come under the head of the knowledge of a common telegrapher. Get your expert.

Mr. CHIPERFIELD. I am telegrapher enough to suggest to you you would have a dead wire.

Mr. ROPER. What is a dead wire? I do not know what a dead wire is.

Mr. CHIPERFIELD. Now, here. I do not care to discuss those things with you. Do you understand what it is I am trying to ask?

Mr. ROPER. I do not know what a dead wire is. I know what an open wire is.

Mr. CHIPERFIELD. I am not going to discuss what you do not know. It would take too long.

Mr. ROPER. That is it. [Laughter.]

Mr. CHIPERFIELD. But on the New York end of the wire, if there was the battery for the line, and there was to be a ground between Washington and New York, it would mean that on the Washington side of the ground that you would have no electrical current, would it not?

Mr. ROPER. I do not know.

Mr. CHIPERFIELD. You do not know that?

Mr. ROPER. No, sir; I do not. That is for a man higher up.

Mr. CHIPERFIELD. You do not know it?

Mr. ROPER. That is for a man who has studied electricity.

Mr. CHIPERFIELD. You do not know, then, if you take a battery off the wire it leaves you with a dead wire?

Mr. ROPER. There might be enough static electricity to run that a certain distance. I have worked batteries with an induction current.

Mr. CHIPERFIELD. We will not go into complicated matters.

Mr. ROPER. You are going a little above me. You get an expert, and he can answer your questions.

Mr. CHIPERFIELD. After the ground was established, the Washington end of the wire would be a dead wire, would it not?

Mr. ROPER. I do not know which one; An expert has got to answer that.

Mr. CHIPERFIELD. All right. If there was no current on the wire—merely keep that in mind—if there was no electrical current on the wire at all, you would not have any trouble telling it in the operation of your instrument, would you?

Mr. ROPER. If the wire was open, I would not if the wire was open. I do not know about that.

Mr. CHIPERFIELD. The wire being open means that there is no electrical current on it?

Mr. ROPER. It is open to me; that is what it means.

Mr. CHIPERFIELD. And you would not have any trouble understanding that?

Mr. ROPER. If it was open, I would not.

Mr. CHIPERFIELD. That is all.

Mr. ROPER. That is fine.

Mr. CHIPERFIELD. I am glad you like it.

Mr. ROPER. I am glad you like it; there is sense to that.

Mr. BENNET. Bennet is my name.

Mr. ROPER. Glad to know you, Mr. Bennet. (Laughter.) Go ahead, I am not kidding you. I am telling you the truth.

Mr. CHIPERFIELD. Is he answering any questions you are asking, Mr. Bennet?

Mr. BENNET. As a man who is not an expert at all, just describe the difference between what you call static electricity and the kind of electricity that is on the wire in ordinary operation?

Mr. ROPER. What is the difference between them?

Mr. BENNET. Yes.

Mr. ROPER. I do not know; that is a little bit too high for me. There are three or four kinds of electricity—static electricity, induction, and straight battery—I don't know.

Mr. BENNET. Do you know what static electricity is?

Mr. ROPER. No; I do not know anything about electricity at all. All I am is a common, poor, overworked telegraph operator.

Mr. BENNET. You know from common knowledge, as a telegraph operator, what any fellow would know loafing around the telegraph office, that if you have a weaker current on a wire you can tell it in your key, can you not?

Mr. ROPER. If the difference is a great deal; a little difference would not make much difference; a big difference would.

Mr. BENNET. This is ordinarily what is known as a pretty busy wire?

Mr. ROPER. In a big market, it is a busy wire.

Mr. BENNET. And the American Telephone & Telegraph Co. aims to keep it up in good shape?

Mr. ROPER. That is my understanding. They do sometimes and sometimes they do not.

Mr. BENNET. And they would have ordinarily adequate batteries in New York?

Mr. ROPER. I do not know where the battery is. This gentleman [indicating] says at the New York end.

Mr. BENNET. On the line, but you do not know where it is.

Mr. ROPER. Yes.

Mr. BENNET. They would have batteries adequate for the work?

Mr. ROPER. I want to let you know they just sent two representatives all the way down from New York, Mr. Tom Doyle and Mr. Friedlander, both with the plant department at 24 Wall Street.

Mr. BENNET. Static electricity, as I gather it from my old school of learning, is what you might call "remnant" electricity, not the full power?

Mr. ROPER. I do not know.

Mr. BENNET. You started in with your testimony——

Mr. ROPER (interposing). Yes; because I have heard these three names, because I know there are three different kinds of electricity—static, induction, and full positive and negative current. That is all my education.

Mr. BENNET. You got most of your electrical education in the show window.

Mr. ROPER. Maybe so; probably from the corresponding school.

Mr. BENNET. You do not know the difference between static electricity and induction?

Mr. ROPER. No.

Mr. BENNET. Or positive electricity and negative electricity?

Mr. ROPER. No; I do not.

Mr. BENNET. So, when you use those words, "static electricity," you are more or less experimenting?

Mr. ROPER. I have heard that would do it if the regular battery was off—induction from another heavy wire parallel to this would jump over. In fact, I have worked wires by induction.

Mr. BENNET. Coming back to where the parallel wire is worked by induction from a heavily charged wire, you can tell the difference between the way your key works on that line and the way it works on a line normally charged, can you not?

Mr. ROPER. I do not know; I might and I might not. I could not swear to that.

Mr. CHIPERFIELD. Just another question, if in order.

The CHAIRMAN. All right.

Mr. CHIPERFIELD. Mr. Roper, is it not true that when you are working a wire and another operator cuts in on the wire and uses your wire, that you can tell by the difference in the working of your instrument that someone has cut in on the wire, although you can not locate the person?

Mr. ROPER. You can at the same station.

Mr. CHIPERFIELD. I do not mean at the same station.

Mr. ROPER. In between somewheres?

Mr. CHIPERFIELD. Yes.

Mr. ROPER. Yes; on a long-distance wire you could; probably not on a short wire, as it would not make much difference.

Mr. CHIPERFIELD. The reason you can, or why you can tell it, or just how, might be difficult to explain, but you know it?

Mr. ROPER. On a long circuit you might be able to feel the difference in the power of the battery.

Mr. CHIPERFIELD. Is not this true, that an operator working the wire by a sixth sense or in some other way becomes very sensitive as to what is going on on that wire and can tell a great many things that he could not reason out or give a full explanation for?

Mr. ROPER. Some of them do; and some are very dumb and never observe anything.

Mr. CHIPERFIELD. Which class are you in?

Mr. ROPER. You are the jury.

Mr. CHIPERFIELD. My verdict is against you, if that is the case.

Mr. ROPER. Guilty.

Mr. CHIPERFIELD. That is all, Mr. Roper.

Mr. ROPER. Thank you.

Mr. CAMPBELL. Mr. Roper, what is your best recollection as to how long the Essary message was on your hook or desk before you put it on the wire?

Mr. ROPER. I do not believe it was on the hook or the desk a minute; I do not think it was on the desk at all before I sent it on the wire.

Mr. CAMPBELL. As soon as Essary handed it to you——

Mr. ROPER. I walked into the telegraph office and sent the message.

Mr. CAMPBELL. And put it immediately on the wire?

Mr. ROPER. Yes; I believe that is right; I believe I can remember that, I am pretty sure I can.

Mr. CAMPBELL. Are you quite positive of that, Mr. Roper?

Mr. ROPER. I am pretty sure; I am 90 per cent positive.

Mr. CAMPBELL. Then, if Mr. Ramsey says the note was brought in there between 11.30 and 12 o'clock, you must have sent it out between 11.30 and 12 o'clock?

Mr. ROPER. If Mr. Ramsey knows what he is talking about and is positive of what he is talking about, he must be right, and I am wrong; but I am willing to swear——

Mr. CAMPBELL. You have answered the question.

Mr. ROPER. Thank you.

Mr. CAMPBELL. That is all.

Mr. WHIPPLE. I would like to ask Mr. Roper this: Do you remember of two or three gentlemen being in there and behind the counter between half past 11 and 12 o'clock that day?

Mr. ROPER. Behind the counter?

Mr. WHIPPLE. Well, behind the counter——

Mr. ROPER (interposing). Just which do you call behind the counter, in front where the customers are, or in the telegraphers' room, where I am; there is a difference.

Mr. WHIPPLE. All right; either?

Mr. ROPER. I do not think it is possible there were a couple of gentlemen in the telegraph room with me. It is very seldom anybody comes in the telegraph room.

Mr. WHIPPLE. Will you search your memory as to that morning and see if you do remember of one or two or more men coming in

there and either having a talk with Mr. Connolly and then sending a telegram, or themselves offering you a message?

Mr. ROPER. On the morning of December 20?

Mr. WHIPPLE. Yes.

Mr. ROPER. I do not; no, sir.

Mr. WHIPPLE. You do not remember?

Mr. ROPER. No, sir; and I do not believe two gentlemen were in there that morning, to the best of my recollection.

Mr. WHIPPLE. Of course, there were a good many gentlemen in there that morning.

Mr. ROPER. Not in the telegraph office, Mr. Whipple.

Mr. WHIPPLE. I see; you are speaking of the telegraph office.

Mr. ROPER. Hundreds of people come into the other office and see Mr. Connolly and I would never know that.

Mr. WHIPPLE. Do you remember sending messages to Hutton that morning prior to the one Essary brought in and delivered?

Mr. ROPER. No, I do not remember sending any message prior to the one sent at 12.35 p. m. December 20.

Mr. WHIPPLE. Have you so clear a memory in regard to it that you could take your oath that no such messages were sent?

Mr. ROPER. I could take an oath that this message was sent at 12.35.

Mr. WHIPPLE. Yes, but you see my question is a little different. I am asking you if you have so clear a memory in regard to it that you could take your oath and state positively that no message was sent?

Mr. ROPER. Oh, no; I would not testify that on any day; oh, no.

Mr. WHIPPLE. That is what I am trying to get at. You see, there is a difference in remember and being able to positively say there was not one?

Mr. ROPER. Yes, sir; the reason I am so positive about this message at 12.35——

Mr. WHIPPLE. But you can not say—I mean you have no memory that would enable you to say that an earlier note or message was not sent to Hutton?

Mr. ROPER. I do not think it was; but I would not swear one way or the other; no, sir; I would not say that.

Mr. WHIPPLE. If I were to ask your best recollection, you would say that to your best recollection no such message was sent?

Mr. ROPER. Well, I do not know—I would say, no—I am afraid to say yes or no, because I do not remember, and I won't tell a lie. [Laughter.]

Mr. LENROOT. Mr. Roper, you say that you remember the exact hour and minute of the sending because of the words "great moment"?

Mr. ROPER. Yes, sir.

Mr. LENROOT. Now, if Mr. Connolly had sent a message to Hutton & Co.——

Mr. ROPER (interposing). Yes, sir.

Mr. LENROOT. With those same words, "great moment," you would have remembered the hour and minute of that message, would you not, likewise?

Mr. ROPER. Not exactly.

Mr. LENROOT. Why not?

Mr. ROPER. Because the Essary message was written out on a Postal Telegraph Co. blank, as I testified right there, typewritten, signed, given to me, and sent by myself, and stuck on the file.

Mr. LENROOT. But you do not get my question. If Mr. Connolly had sent a message to Hutton & Co. with the words "great moment" in it, or, if you had finished a message that Connolly had partially dictated to you, and you had placed in the message the words "great moment," the words "great moment" being the only thing that fixes the Essary message in your mind, you would have remembered the Connolly message would you not?

Mr. ROPER. The Connolly message following after the Essary message I would not, because that would simply be a repetition of what Essary sent, and it is the original expression that impressed itself with me.

Mr. LENROOT. But you said the words "great moment" in the Essary message you would remember a hundred years, and if that expression had occurred in another message within a few minutes afterwards you would have remembered that also, would you not?

Mr. ROPER. If you tell me an original story, and if all of these gentlemen repeat the story to me, and I will remember the original story you told me, and I will remember the original teller of the story.

TESTIMONY OF MR. HILTON W. ROBERTSON.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Where do you reside, Mr. Robertson?

Mr. ROBERTSON. 421 Sixth Street NE.

Mr. WHIPPLE. In Washington?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. How long have you lived in Washington?

Mr. ROBERTSON. About 14 years.

Mr. WHIPPLE. What is your business and occupation?

Mr. ROBERTSON. At the present time?

Mr. WHIPPLE. Yes.

Mr. ROBERTSON. Broker.

Mr. WHIPPLE. How long have you been a broker?

Mr. ROBERTSON. Actively since about the 1st of October.

Mr. WHIPPLE. You are a member of the firm of F. A. Connolly & Co.?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. And that is the brokerage firm to which you refer?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. And the firm whose business and partnership were recently before the committee?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. I think the committee would be interested to know when first a proposition was made to you and by whom, if the proposition were made to you, of becoming a partner with Mr. Connolly?

Mr. ROBERTSON. Well, in that connection, I might say that some evening I was sitting at the desk—at the time I was cashier of the Dupont National Bank. Mr. Connolly was on his way home, and about 4 o'clock he stopped in, as was his custom, because we have been friends for quite a while, and he said, "Why, I just resigned

from John L. Edwards & Co." I said, "Is that so?" He said, "Yes." I said, "Here, Frank, let us go into the brokerage business." I put the proposition to him myself. "Well," he said, "he did not know whether it would be wise to open up an office without a seat on the exchange." I said, "Go down and get established; the seat will come later," which he did. Then, later on, I found that he did do an excellent business.

Mr. WHIPPLE. Did he start by himself?

Mr. ROBERTSON. He did.

Mr. WHIPPLE. When was it?

Mr. ROBERTSON. He started—preliminary opened up—on the 14th day of August.

Mr. WHIPPLE. Were you not in it then; were you not a partner at that time?

Mr. ROBERTSON. You might say, a silent partner. I would not have it known that I was a cashier of a bank and at the same time a broker, because the Treasury Department looked—I do not know, perhaps nothing against it, but they looked that way.

Mr. WHIPPLE. They fear, I suppose, that one who is engaged in the brokerage business may get to speculating himself?

Mr. ROPER. Yes; although there is nothing, no law against it, but they look against it, especially the Democratic administration.

Mr. WHIPPLE. That reminds me that you had not told us how long you have been cashier of the Dupont National Bank.

Mr. ROBERTSON. I was cashier of the Dupont National Bank at the time it was organized.

Mr. WHIPPLE. So you have been its cashier for quite a number of years.

Mr. ROBERTSON. Oh, no; the Dupont National Bank is not very old.

Mr. WHIPPLE. How many years was it?

Mr. ROBERTSON. I think it was not quite a year, about the middle of February.

Mr. WHIPPLE. What had you been doing before that?

Mr. ROBERTSON. I was with the Commercial National Bank about four years.

Mr. WHIPPLE. In what capacity?

Mr. ROBERTSON. As discount teller.

Mr. WHIPPLE. And before that?

Mr. ROBERTSON. Well, I was employed as note teller for the Home Savings Bank for nine or ten years.

Mr. WHIPPLE. So, almost your whole business experience had been that of a banker, either clerk or teller or cashier?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. How soon after the original proposition did the negotiations mature into this association, as a stock broker?

Mr. ROBERTSON. Why, as I say, after Mr. Connolly opened I saw that he was doing a wonderful business. I therefore made a proposition that we would purchase a seat.

Mr. WHIPPLE. Had he a wire when he first went in, a wire from Hutton?

Mr. ROBERTSON. Oh, yes; the southern wire.

Mr. WHIPPLE. And when was the special wire to Washington put in?

Mr. ROBERTSON. I just do not remember that.

Mr. WHIPPLE. Can you find that out for the committee?

Mr. ROBERTSON. I think so; I think probably E. F. Hutton & Co.—

Mr. WHIPPLE. Try to find when first your concern had a special and exclusive wire to Hutton.

Mr. ROBERTSON. I think it was some time during October, because, you see, Washington comes from the southern circuit, and we were doing—

Mr. WHIPPLE. I was not aware that my associates had secured from the telephone company a statement that the second connection of Connolly & Co. with Hutton & Co. was made October 25, 1916. This was a direct wire between the two offices and was for the purpose of handling such overflow as could not be cared for on the first very much crowded line. Is that in accordance with your memory?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. And that the first connection of F. A. Connolly Co., Washington, with Hutton & Co. was established August 14, 1916, a wire serving 16 of Hutton & Co. subscribers?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. Are they both American telephone wires?

Mr. ROBERTSON. I do not know that, sir.

Mr. WHIPPLE. This is from the telephone company, so I think it may be assumed both of them are telephone company wires.

The 26th, then, you had this exclusively. Now, will you proceed in your statement and give the conversations with regard to securing the stock exchange seat, and in that connection you will please tell the committee when first Mr. Bolling's name was mentioned as a partner?

Mr. ROBERTSON. Why, at the time—I spoke to Mr. Connolly, and I told him, "Well, I could borrow some, and there was some cash, and there was some property I could sell." I did not want to make sacrifices, and that I would probably arrange to get the money. If not, I could probably get someone else to help me, and I think Frank mentioned "Probably you and Mr. Bolling could do it, and the three of us could go in"; and under that agreement Mr. Bolling and I financed the seat.

Mr. WHIPPLE. When was that said?

Mr. ROBERTSON. I think it was about the middle of September.

Mr. WHIPPLE. Then that was carried out in October, 1913?

Mr. ROBERTSON. It was carried out in this way: Mr. Connolly was elected a member on the 13th of October, but the name had to be posted after application has been made, I think, in the neighborhood of two or three weeks.

Mr. WHIPPLE. And at the time he was elected the money was received and paid?

Mr. ROBERTSON. The money was raised before and his name was posted, and then application made.

Mr. WHIPPLE. The money had to be paid when the application was made?

Mr. ROBERTSON. Absolutely.

Mr. WHIPPLE. And did you not finance it?

Mr. ROBERTSON. Mr. Bolling and myself.

Mr. WHIPPLE. I mean, you assisted in the financiering, as has been explained to the committee?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. How much did you two gentlemen raise and put in?

Mr. ROBERTSON. Well, about \$30,000 apiece, Mr. Bolling and myself.

Mr. WHIPPLE. Was it understood, as Mr. Connolly claimed, that the seat should be exclusively his? Of course I need not ask you, because your copartnership contradicts it; the seat was to be owned by the firm?

Mr. ROBERTSON. The seat is to be owned by the firm, which is true, but you understand that a person purchasing a seat on the New York Stock Exchange, he himself—it can only be purchased in one name.

Mr. WHIPPLE. That has been explained to the committee. It was held in trust by Connolly for the partnership?

Mr. ROBERTSON. Quite true. Of course, you can say the seat is Connolly's because anything that he does, the New York firm, you see, has prior lien on the seat. Therefore, Mr. Bolling—the article of agreement, you might say, represents nothing as far as Mr. Connolly's connection in regard to the seat.

Mr. WHIPPLE. I think the committee understands that, that he holds it in trust for the firm, subject to all the liabilities that are fixed by the constitution and by-laws of the stock exchange?

Mr. ROBERTSON. That is so.

Mr. WHIPPLE. Had you heard of asking Mr. Bolling to be a member of the firm prior to the middle of September?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Did you know Mr. Bolling before that?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. By whom were you introduced?

Mr. ROBERTSON. By Mr. Connolly.

Mr. WHIPPLE. What was said as to advantages or any advantage there was in having Mr. Bolling as a member?

Mr. ROBERTSON. None whatever.

Mr. WHIPPLE. Was there anything said about his probably bringing customers?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. You had no clientele, as you call it, as a broker?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Were the social connections mentioned as being calculated to bring in customers?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Nothing was said other than would be spoken as to ordinary business then?

Mr. ROBERTSON. That is all.

Mr. WHIPPLE. Was the fact that he could probably raise and did raise \$30,000 an important factor?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. That is how it came about?

Mr. ROBERTSON. That is it exactly.

Mr. WHIPPLE. Because of your doubt about raising the whole amount?

Mr. ROBERTSON. I had several applications to come in with me, but they were not gentlemen that I just desired.

Mr. WHIPPLE. You did talk with friends and had some other applications?

Mr. ROBERTSON. Oh, yes; I could have gotten several, but, in other words, in my opinion, they were not people that I wanted or could get along socially with.

Mr. WHIPPLE: When did you resign from the bank and take up your work in the stock brokerage firm?

Mr. ROBERTSON. I think it was the 30th of September; I think that was the last day, the last money.

Mr. WHIPPLE. How actively have you been connected with the firm since then, bearing in mind that I do not inquire of your connection since the 1st of January.

Mr. ROBERTSON. How actively?

Mr. WHIPPLE. Yes.

Mr. ROBERTSON. I look after the finances and the margins and see that the people get notice if the stock market goes down; if the stock market goes down I send out the calls and look after that part of it.

Mr. WHIPPLE. Do you handle the bank account?

Mr. ROBERTSON. Our bookkeeper, Mr. White, handles the bank account, but he always informs me what he is doing.

Mr. WHIPPLE. And you draw the checks?

Mr. ROBERTSON. The checks are signed by Mr. Connolly, as they were when he first started.

Mr. WHIPPLE. But your connection is the financial end?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. Do you meet the customers very much?

Mr. ROBERTSON. Not very much; no, sir.

Mr. WHIPPLE. Will you tell the committee how your office is arranged or the place that you said is in relation to the customers' room and also to the telegrapher's office?

Mr. ROBERTSON. Well, in this connection we have two entrances, one through the Bond Building lobby, and there is a passage right through to the main entrance, coming toward New York Avenue, and by coming through there you have to pass by the operator's door and also the door that comes into the office where the stenographer and others are employed, and then there is the private office in front; and then the entrance on New York Avenue; just a straight way until right back into the board room.

Mr. WHIPPLE. Can anyone in the board room see the telegrapher?

Mr. ROBERTSON. No, sir; not necessarily, unless he goes up to the counter and goes over there, because it has always been my instructions that the telegraphers should not be interrupted with any conversation unless it is something pertaining to an order.

Mr. WHIPPLE. How much was Mr. Bolling there up to the first of the year and what duties did he perform?

Mr. ROBERTSON. Mr. Bolling has been quite active in talking to customers in the same capacity as Mr. Connolly has, talking and making the customers feel at home and giving advice of what he thought of the market, etc.

Mr. WHIPPLE. What part of the time was he out of the office?

Mr. ROBERTSON. I could not say that. Mr. Bolling has been unfortunate in having several sicknesses in his family, and there is no specified time, but usually he is down at the office around 9.30, I suppose.

Mr. WHIPPLE. Does he stay there through the day?

Mr. ROBERTSON. Unless something comes up that he has to go out.

Mr. WHIPPLE. But you say he has been away on account of illness in his family?

Mr. ROBERTSON. He has been away a good deal.

Mr. WHIPPLE. Illnesses of his children, such as have been spoken of by one of the witnesses?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. Prior to December 20, did you not meet Mr. Essary?

Mr. ROBERTSON. I have seen Mr. Essary, and I think I met him about December 1. I have seen him several times talking to Frank, but I have never met him until somewhere around the 1st of December.

Mr. WHIPPLE. In what connection did you see him?

Mr. ROBERTSON. Well, no more than a social call. He would come in and want to know what we were doing and how we were getting along, and so forth.

Mr. WHIPPLE. Did you talk with Mr. Essary?

Mr. ROBERTSON. Not until I was introduced to him.

Mr. WHIPPLE. Have you since then up to the 20th?

Mr. ROBERTSON. Not any direct conversation that I know of.

Mr. WHIPPLE. What did Mr. Connolly have to say about him?

Mr. ROBERTSON. He said he was one of the best friends he had in Washington.

Mr. WHIPPLE. Mr. Essary, I understand, did not come in as a customer.

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. What did Mr. Connolly say as to why he dropped in?

Mr. ROBERTSON. I never asked him.

Mr. WHIPPLE. Is that because you knew?

Mr. ROBERTSON. No; it was because Mr. Connolly at one time he was there told me he was his best friend, and I never thought anything more about it.

Mr. WHIPPLE. Do you know any time prior to December 20 that Mr. Essary was either furnishing to Connolly statements or opinions or subject matter that would be telegraphed over your wire to New York?

Mr. ROBERTSON. No, sir; I did not.

Mr. WHIPPLE. When did you first hear either that he had prepared or caused to be sent the particular message here in controversy or any other message?

Mr. ROBERTSON. I think Mr. Roper's testimony up here is the first I knew Mr. Essary sent a message over the wire.

Mr. WHIPPLE. Had you not ever suspected that before?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Did you know his connection with a newspaper?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. You did not even know he was a reporter?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. When did you first find that out?

Mr. ROBERTSON. I think I found that out after Mr. Roper's testimony up here. I found out that Mr. Essary was a newspaper man.

Mr. WHIPPLE. And that never was known to you before?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. And do you tell the committee broadly and without reserve that you had never known before Mr. Roper's testimony Mr. Essary had furnished to Mr. Connolly or himself prepared and caused to be sent messages over your wire to Hutton or to Ellis?

Mr. ROBERTSON. No, sir; I did not know it.

Mr. WHIPPLE. Therefore, it follows that you had had no talk with Connolly about it?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Or with Bolling?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Or either of them?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Did you know when Mr. Bolling made his statement before the committee?

Mr. ROBERTSON. I beg your pardon?

Mr. WHIPPLE. I do not mean the date, but I mean did you know of a circumstance that Mr. Bolling came before this committee early in this investigation and made a statement or testified?

Mr. ROBERTSON. I knew that he was to appear, but I could not see any connection that Mr. Bolling had in what facts you were to glean from having him testify.

Mr. WHIPPLE. You knew he was to appear?

Mr. ROBERTSON. Yes.

Mr. WHIPPLE. Did you read his testimony or talk with him about it?

Mr. ROBERTSON. I have never followed it, and I have never read his testimony.

Mr. WHIPPLE. But did you not know in substance that Mr. Bolling very sweepingly denied any knowledge of advance information of the peace note going through the office?

Mr. ROBERTSON. I know this, that at the time that Mr. Bolling——

Mr. WHIPPLE. I am trying to direct your attention to that question. (The stenographer thereupon read as follows:)

Mr. WHIPPLE. But did you not know in substance that Mr. Bolling very sweepingly denied any knowledge of advance information of the peace note going through the office?

Mr. ROBERTSON. Yes, sir; I knew that.

Mr. WHIPPLE. Did you believe that to be absolutely true?

Mr. ROBERTSON. Absolutely true.

Mr. WHIPPLE. And you had not up to that time any knowledge whatever of it?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Will you tell the committee what was the first disclosure to you or knowledge or information on your part of these facts, which you had not known before; that is, the sending or furnishing by Mr. Essary of information going over your wire to Hutton's house?

Mr. ROBERTSON. The first time I knew of it was through Mr. Roper's testimony up here that Mr. Essary sent a message.

Mr. WHIPPLE. Did you not know that he was coming up here to testify?

Mr. ROBERTSON. Who, Mr. Roper?

Mr. WHIPPLE. Yes.

Mr. ROBERTSON. I came into the office at about 1 o'clock from lunch. I said, "Where is Roper?" They said he was subpoenaed; and I did not even know it.

Mr. WHIPPLE. Did he come back and tell you what he had testified to or did you see it in the newspapers?

Mr. ROBERTSON. I saw it in the newspapers.

Mr. WHIPPLE. Up to that time had you had any talk with Bolling about the connection with your office with any advance information?

Mr. ROBERTSON. As to Mr. Bolling's testimony, I told him, I said, "Robert, I certainly feel sorry to see you dragged into this, an absolutely innocent party" is all I said about it to him.

Mr. WHIPPLE. That is, after his first testimony?

Mr. ROBERTSON. That is, after his first testimony; yes, sir.

Mr. WHIPPLE. Did you have a talk with Mr. Roper after his testimony?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Did you talk with him at all?

Mr. ROBERTSON. I have talked to him in a business way, but not bearing on any message.

Mr. WHIPPLE. Do you remember whether you were in the office on December 20?

Mr. ROBERTSON. Yes, sir; I was in the office on December 20.

Mr. WHIPPLE. What is your memory, if you have any, about Mr. Bolling being there?

Mr. ROBERTSON. Mr. Bolling, I think, came down in the morning and left very early and was only in once or twice during the day, but I do not think he spent more than an hour and a half in the office during the whole day of the 20th.

Mr. WHIPPLE. Do you know of the illness of his children?

Mr. ROBERTSON. Yes, indeed.

Mr. WHIPPLE. While I am on the topic, and before we go further, do you remember about his closing out his account and it being understood that he would not carry an account?

Mr. ROBERTSON. Absolutely.

Mr. WHIPPLE. You check up his memory that it was the 13th of December?

Mr. ROBERTSON. Absolutely.

Mr. WHIPPLE. Had you any account directly or indirectly with any broker on the 20th of December?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Do you remember of that paper [handing paper to witness] called the "stock flash" coming in on the 20th?

Mr. ROBERTSON. No, sir; I do not remember seeing this.

Mr. WHIPPLE. Do you remember hearing any conversation on the 20th about the forecast of the peace note that was to be issued by the President or had been sent out?

Mr. ROBERTSON. Yes; I do. I was in the office at the time, talking to our bookkeeper and explaining several things to him, and

at the time Frank came back from lunch, he said, "There is gossip out that there is to be a peace note," and he said, "I think I will send a message." "Well," I said, "I would"; and I went through the board room, and, if I remember right, Mr. Roper had put a flash on our boards. In other words, anything Mr. Roper hears over the southern, no difference where coming from, if it is of any importance he types it and puts it over there.

Mr. WHIPPLE. What was on the flash—was that it?

Mr. ROBERTSON. No; that was not it. I just can not remember, because I never paid much attention to him, because I do not bother with those things at all, but Frank came in and told me that there was gossip and rumor of a peace note, and he said he was going to send a message, and I told him I would.

Mr. WHIPPLE. You did not see him send it?

Mr. ROBERTSON. No, sir; I did not.

Mr. WHIPPLE. You did not know when it was?

Mr. ROBERTSON. But he borrowed a pencil from me to write it; that is all I know.

Mr. WHIPPLE. Did he tell you that Mr. Essary had already sent a very complete forecast of the message?

Mr. ROBERTSON. No; he did not.

Mr. WHIPPLE. That, you say, was right after he came back from lunch?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. And that was therefore a matter that he had heard of while he was out at lunch?

Mr. ROBERTSON. No. He got his first—gossip in the office was the first he heard.

Mr. WHIPPLE. How did you know?

Mr. ROBERTSON. From what he told me.

Mr. WHIPPLE. What did he tell you; when did he tell you?

Mr. ROBERTSON. He merely said "The gossip has it peace note is coming, and I think I will send a message."

Mr. WHIPPLE. I thought you said it was after lunch?

Mr. ROBERTSON. After he came back from lunch, true.

Mr. WHIPPLE. Did he tell you anything like that before he went to lunch?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Then, could the gossip in the office before he went to lunch have been the basis, especially if you had not heard it?

Mr. ROBERTSON. The only version that I could have now is this way——

Mr. WHIPPLE. No, pardon me. Perhaps I ought not to interrupt you, but I want an answer to that question, and I am not asking for your version. I say, if you had heard nothing about this gossip before that and he went out and immediately after he came back from lunch said "I am going to telegraph an account of this gossip," how can you state to the committee that it was gossip in his own office before he went that he was talking about?

Mr. ROBERTSON. Easy enough, because I am not in the board room very often.

Mr. WHIPPLE. Then, if you were not in the board room, if he did not say that he heard the gossip in the board room, how could you understand that it was something he heard out at lunch?

Mr. ROBERTSON. I could not answer that definitely.

Mr. WHIPPLE. Very well, then, perhaps you should not give reliable information about it. If you think there is something for the committee to know that I interrupted you in your answer, you are mistaken, only I did not want you to escape from the question.

Mr. ROBERTSON. There is nothing at all.

Mr. WHIPPLE. I will ask you to read over this paper, headed "H-4," and see if you saw that, or the substance of it on a bulletin in your office that day?

Mr. ROBERTSON. I do not remember seeing it on the board. It might have been there. It is very seldom I look at the board.

Mr. WHIPPLE. Do you remember anything like it on that day?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. I want to ask you one more question, and it is prompted by your attempt to testify as to what Mr. Connolly based his telegram on and your statement that he said "I guess I will telegraph." Since he came back from New York, have you had a talk with him in regard to the testimony that he gave there and the position in which he put himself by that testimony?

Mr. ROBERTSON. Well, no; not direct.

Mr. WHIPPLE. Have you indirectly?

Mr. ROBERTSON. I have mentioned the subject to Mr. Connolly, and he—he says he has told nothing but the truth up at the committee.

Mr. WHIPPLE. That, of course, I have not come to yet. But, have you discussed it with him?

Mr. ROBERTSON. Discussed his testimony?

Mr. WHIPPLE. Discussed where he placed himself by that testimony in New York about having himself dictated the note?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Are you sure of it?

Mr. ROBERTSON. Absolutely.

Mr. WHIPPLE. When did you first hear the suggestion that he could escape the consequences of what he had testified to in New York, in attempting to father this note which was sent by Essary, by stating that Essary had sent his note alone; he, Connolly, sent another?

Mr. ROBERTSON. After Mr. Roper testified here and I found out that Essary had sent one.

Mr. WHIPPLE. Then, did you have a talk with Connolly as to where his claiming authorship of this note in New York which Essary actually wrote left him? Did you have a talk with him on that subject?

Mr. ROBERTSON. I did.

Mr. WHIPPLE. Did you have a talk with him about that, first?

Mr. ROBERTSON. I did.

Mr. WHIPPLE. When was that talk, as to where that left him?

Mr. ROBERTSON. I think it was on Sunday.

Mr. WHIPPLE. Who was present at that time?

Mr. ROBERTSON. No one.

Mr. WHIPPLE. Where was the talk?

Mr. ROBERTSON. I think I was down at the office working and he stopped in.

Mr. WHIPPLE. He called in?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. Who began the conversation?

Mr. ROBERTSON. I did.

Mr. WHIPPLE. Now, on the subject as to where he was left by his taking his oath in New York that he was the author of the telegram which Roper had testified on Saturday Essary was the author of—

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE (continuing). You opened the conversation?

Mr. ROBERTSON. I did.

Mr. WHIPPLE. A conversation as to where he was left by that apparent contradiction—by two men—of his sworn testimony in New York; is that right?

Mr. ROBERTSON. I—

Mr. WHIPPLE. Pardon me. Did you open the conversation?

Mr. ROBERTSON. I did.

Mr. WHIPPLE. I will ask, if the committee will support me, that you answer that categorically?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. Who first made the suggestion in that conversation that there was a second message—one dictated by Connolly, after the Essary message was sent, and in ignorance of it, but exactly or practically the same in terms—where did that suggestion first arise as between you and him?

Mr. ROBERTSON. Frank said that he sent a message.

Mr. WHIPPLE. Then, your answer is that the suggestion first came from him?

Mr. ROBERTSON. Just a moment. I—after reading Roper's testimony stating that Mr. Essary sent a message, I immediately asked Frank did he send one. He says, "Yes," and at the time he did send it I know he mentioned it to me that he was going to send it.

Mr. WHIPPLE. But did not tell you what it was?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Did not tell you whether it was practically an exact duplicate of the Essary message?

Mr. ROBERTSON. No, sir.

Mr. WHIPPLE. Did you call to his attention that the Essary message was shown to him in New York, and he was asked to write again or rewrite the message that he sent, and that he attempted to rewrite it exactly like the Essary message?

Mr. ROBERTSON. No; I did not mention it all—never. I never read Mr. Connolly's testimony.

Mr. WHIPPLE. I did not know but what you had noticed it in the newspapers. But the committee are interested to ascertain that fact as to when this statement of there being a certain message, which so nearly resembled the first or the Essary message that Connolly could not tell the difference, and thought the Essary message was his. When that was first suggested, and as I understand it, so far as you know, it was in the conversation on Sunday, day before yesterday, when Connolly told you that he, too, sent a message.

Mr. ROBERTSON. He told me that he, too, sent a message.

Mr. WHIPPLE. Where was Roper at that time?

Mr. ROBERTSON. Mr. Roper—I do not know where he was.

Mr. WHIPPLE. Was he concerned in this conversation to see what Roper would say—how far Roper would sustain this claim that there was a second one?

Mr. ROBERTSON. No, sir; he was not.

Mr. WHIPPLE. Did you say to Mr. Connolly that it looked very improbable that a second message, couched in the language that was used in the Essary message, would be written by him on account or as the result of gossip with customers?

Mr. ROBERTSON. No, sir. If I might make an explanation, Mr. Whipple.

Mr. WHIPPLE. Certainly, go right ahead. I think you are entitled to.

Mr. ROBERTSON. Our operator, Mr. Chairman, will take these flashes that he hears, no matter who it is going from, and will stick them on our board. If Mr. Roper received a message from Essary, he was in duty bound, according to his instructions, to take a transcript of it and put it up on our board, do you not see? When Mr. Connolly came back from lunch he stated specifically there was gossip in the room about this peace talk. Now, then, if Mr. Connolly sent a certain message, which he says he did, and he told me that he was going to, he probably saw Essary's message stuck up on our board—easy enough, and everyone was talking about it.

Mr. WHIPPLE. Then, will you explain to the committee why, if you had a message stuck up on your board, that came from Hutton—because it did apparently come from Hutton—he would then instruct the telegrapher to send the same message back to Hutton?

Mr. ROBERTSON. No. You did not quite get my explanation.

Mr. WHIPPLE. I am sure I did not. Try it again, and make it clear.

Mr. ROBERTSON. Mr. Roper, having Mr. Essary's message, Mr. Essary's message would be on your board——

Mr. WHIPPLE. That is the message that he sent to Hutton?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. Well, now, then, if that were a message to Hutton from Essary and he put it up on your board, and Connolly saw it, why would he send it again to Hutton?

Mr. ROBERTSON. How do you know Mr. Connolly's message was not addressed to Hutton personally or to George A. Ellis, jr.?

Mr. WHIPPLE. I know nothing about it, except from things which are being told.

Mr. ROBERTSON. Neither do I.

Mr. WHIPPLE. And this is so strangely inconsistent, I am asking you——

Mr. ROBERTSON. You are asking me something I do not know, but you have brought out the point how was it Mr. Connolly got the duplicates of Essary's message, and I am explaining to you how he did get it.

Mr. WHIPPLE. That is, you say that the Essary message was telegraphed to Hutton.

Mr. ROBERTSON. As Roper states.

Mr. WHIPPLE. And put it on the board?

Mr. ROBERTSON. As Roper states.

Mr. WHIPPLE. Connolly came in and saw it. That is your theory, your idea?

Mr. ROBERTSON. That is my idea.

Mr. WHIPPLE. And then instructed Roper to send it to Hutton again. Do you not think that Roper would have actually said, "I have just sent it from Essary and stuck it up on the board. Why

should I send it again?" If that is your theory, please explain a little more fully.

Mr. ROBERTSON. Just a moment. Mr. Essary gives Roper a message and he puts it on the board, and Frank has no idea where he got it or where it came from.

Mr. WHIPPLE. But Roper knows where he got it or where it came from?

Mr. ROBERTSON. Yes; but Roper—Frank had probably wrote the message and handed it to Roper. Mr. Roper has not got time to say, "I have sent messages," when he may have been handling 40 orders an hour; he has not got time to explain everything.

Mr. WHIPPLE. He has just as much time to simply tell him "I have just sent that message" as he has to spend his time sending it again, has he not?

Mr. ROBERTSON. That is up to Roper; I do not know anything about it.

Mr. WHIPPLE. But you volunteered and advanced that theory, as I understand it, in defense of a second Connolly message?

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. And therefore I have followed it up with some care, simply because you volunteered it, and I asked you if you could give us the origin of that statement, which was apparently intended for the purpose of extricating Connolly, your partner, from the position——

Mr. ROBERTSON (interposing). I am not trying to extricate anyone, sir.

Mr. WHIPPLE. Perhaps you did not.

Mr. ROBERTSON. I did not.

The CHAIRMAN. Ask him why he posted up a confidential telegram.

Mr. WHIPPLE. Yes; I will. Here is a telegram given confidentially and of great import. You will answer the chairman's question.

Mr. ROBERTSON. I do not believe Roper did it. I am merely telling the committee how it was possible for Connolly to send a second message like the duplicate of Essary's.

Mr. WHIPPLE. I know it, but you father, or, at least, you began with your statement, which was intended to afford some way of explaining Connolly's testimony in New York and extricating him from the position he was in, and I have merely followed out your explanation, and that is all.

Mr. ROBERTSON. Yes, sir.

Mr. WHIPPLE. And you see where that lands you?

Mr. ROBERTSON. I see exactly.

Mr. WHIPPLE. You see it can not be explained; do you not; and do you not see that it is impossible to reconcile Connolly's testimony after this Essary message in New York with any reasonable theory of his sending it?

Mr. ROBERTSON. Mr. Whipple, I beg to differ with you there.

Mr. WHIPPLE. Very well. I will not press it. But if you want to take your own head to explain to the committee any more clearly how you can reconcile your partner's testimony in New York with the facts now developed, you may have your head to do it.

Mr. ROBERTSON. Mr. Chairman, if I am at liberty to state my theory.

The CHAIRMAN. Proceed in your own way, Mr. Robertson.

Mr. ROBERTSON. Mr. Connolly stated to me specifically, after he came from lunch, that there was gossip in the room of a peace note coming, and he said that he was going to send a message to Ellis. I said, "All right," and if I remember right I gave him the pencil out of my pocket. I always carry three or four. That is as far as I know of any message at all, and I knew nothing of Mr. Essary's message until Mr. Roper's testimony here. Sunday Mr. Connolly came into the office, and I asked him, I said, "Now, who sent the message?" He said, "I sent one." "Well," I said, "Mr. Essary sent one, too, then, evidently; do you not see?" Now, as I say, I just explained to Mr. Whipple and the committee that any news Mr. Roper gets on the southern wire, I do not care where it is coming from, he puts a flash on the board. He don't sign any names—sometimes he does, and sometimes he don't. When he put this message out, I presume Mr. Connolly got the gossip from people that were talking about it, and if his message was a duplicate of Essary's in all probability Mr. Roper put up Mr. Essary's message on the board, without any name. I just want to explain for you how it is that two messages must have been sent.

Mr. WHIPPLE. Although he said "confidentially informed." He would put that on the board?

Mr. ROBERTSON. Not necessarily. I do not even know that he did put one on.

Mr. WHIPPLE. You say that he did.

Mr. ROBERTSON. I say that he did, but I was explaining how it was possible Mr. Connolly could have the same message that——

Mr. WHIPPLE. Do you think it probable that he would put a confidential message on the board? Does your office do those things, and would he not have violated his duty as a telegraph operator if he did it? Take that message there and read the first line of it; read it aloud.

Mr. ROBERTSON (reading aloud as directed). "We are confidentially informed"——

Mr. WHIPPLE. Do you think he would put that on the board?

Mr. ROBERTSON. I say I do not know. Mr. Roper will have to answer that.

Mr. WHIPPLE. I think you should answer it, since you have said it might have been put on the board. Do you really think he might have put that on the board?

Mr. ROBERTSON. He might not have put it on there in the same wording.

Mr. WHIPPLE. Think of an operator of yours that would put that sort of a message on the board?

Mr. ROBERTSON. I would not like to answer that, Mr. Chairman.

Mr. WHIPPLE. Then, if you would not like to answer, it means that you could not commend such conduct, would it not?

Mr. ROBERTSON. It means this: That our operator and everyone of us are looking out for customers in every way we possibly can. You understand that, of course.

Mr. WHIPPLE. Of course, Mr. Robertson, if the operator were to put a highly confidential message on the gossip board you would not approve it?

Mr. ROBERTSON. I do not believe I would.

Mr. CAMPBELL. What was your first information about a message of such import as the one which lies before you being sent to Hutton on the 20th of December?

Mr. ROBERTSON. The first information of a message? I think that appearing in Mr. Connolly's testimony in New York was the first one.

Mr. CAMPBELL. Did you see on the bulletin board a message of this import on the 20th of December?

Mr. ROBERTSON. No, sir. It is seldom, Mr. Campbell, that I go to the bulletin board.

Mr. CAMPBELL. I want to get at a matter that seems to be very important, Mr. Robertson.

Mr. ROBERTSON. I understand, exactly. I want to help you all I possibly can.

Mr. CAMPBELL. We have been told that before. Connolly said he wanted to help us, Mr. Hutton said he wanted to help us; Mr. Ellis said he wanted to help us, and a number of others told us the same thing.

Mr. CAMPBELL. There have been strangely contradictory stories told about this telegram. The truth is going to come out some of these days about the origin of this telegram, where the original source of information lies, and you look to me like a man who had born a good reputation in business; and I want now to put you squarely upon your oath and upon your honor and to advise you of the importance of this telegram, and of the manner in which witnesses have been testifying concerning it, and ask you when you first heard of the contents of that telegram?

Mr. ROBERTSON. During Mr. Connolly's testimony in New York.

Mr. CAMPBELL. Do you mean by that that you did not hear anything about the condensations of the President's peace note as it is carried in that telegram until Connolly testified in New York?

Mr. ROBERTSON. No, sir; I did not, positively; and the first time that I knew that Mr. Essary had sent a message over the wire was when Mr. Roper testified.

Mr. CAMPBELL. Mr. Robertson, the force in your office are strangely contradictory about this telegram. There is the same contradiction in the office of Hutton & Co. Do you wonder that this committee has a suspicion that there is an effort by everybody concerned to conceal the origin of the information that is contained in it.

Mr. ROBERTSON. Well, I can realize the importance of it.

Mr. CAMPBELL. You do realize the importance of the information that is contained in the telegram, do you not?

Mr. ROBERTSON. Yes, sir.

Mr. CAMPBELL. The importance as a stock telegram?

Mr. ROBERTSON. Certainly.

Mr. CAMPBELL. Its influence upon the market?

Mr. ROBERTSON. Well——

Mr. CAMPBELL (continuing). And you know that one of the shrewdest brokers in New York stated that if he had known of its contents he would have commenced selling early and sold consistently all day. You knew that?

Mr. ROBERTSON. No; I can not say that I do.

Mr. CAMPBELL. You heard about it?

Mr. ROBERTSON. The broker in New York stated that he would——

Mr. CAMPBELL. Yes.

Mr. ROBERTSON. I do not know anything about that, Mr. Campbell.

Mr. CAMPBELL. That was in your office as early as between half past 11 and 12 o'clock, according to one of the frankest witnesses that has been upon the stand, a man who is interested, who wanted to bring the truth out with regard to this matter. Can you conceive of a stock brokerage firm having important evidence of that kind in its possession at half past 11 o'clock and one of the members of the firm not knowing about it at all, if he were in the office?

Mr. ROBERTSON. Yes, I could readily understand that, because, as I say, I have never had any dealings with sending any messages at all, either sending or receiving messages, unless it is a message in regard to bookkeeping.

Mr. CAMPBELL. But Mr. Connolly thought it important——

Mr. ROBERTSON. Mr. Connolly?

Mr. CAMPBELL. But Mr. Connolly thought it important to come to you and be the bearer of gossip that he had heard as he passed through the office?

Mr. ROBERTSON. Yes, sir.

Mr. CAMPBELL. And he never mentioned the source of the message?

Mr. ROBERTSON. Not the body of it.

Mr. CAMPBELL. He says he wrote this message. He did not tell you what the substance of the matter that he had sent to New York was?

Mr. ROBERTSON. No, sir; he did not, Mr. Campbell.

Mr. CAMPBELL. He did not give the benefit of that information to your own customers in the office?

Mr. ROBERTSON. Not that I know of.

Mr. CAMPBELL. You want the committee to give full credit to that kind of a condition in your office, as you have testified—to the kind of condition in your office that you testified to?

Mr. ROBERTSON. You are asking me if I knew anything about it?

Mr. CAMPBELL. Yes, sir.

Mr. ROBERTSON. And I am answering you I did not.

Mr. CAMPBELL. Why did you not say, "Why, certainly, there is nothing to that telegram?" That is what Hutton says about it—"that is not a matter of great importance."

Mr. ROBERTSON. I should think there is a rumor out to-day more important than this, but it did not break the market, a consistent rumor that Germany has declared war on the United States. That came three minutes before I left the office, from New York. At first the rumor was denied, and the second rumor came that it was a positive fact, and the market only broke one and a half points. That occurred three minutes before I left the office to come here.

Mr. CAMPBELL. But the market had pretty nearly hit the bottom?

Mr. ROBERTSON. About half way recovered.

Mr. CAMPBELL. It had not gone back very far.

Mr. ROBERTSON. About half way.

Mr. CAMPBELL. But that is aside from what I have been inquiring about. Why is there an effort in your office and in Hutton's office to conceal the origin of that telegram?

Mr. ROBERTSON. I could not answer that, to save my life, because there is no one trying to conceal it that I know of, absolutely not. If I knew who——

Mr. CAMPBELL. I really expected when you began your testimony that we were going to have a straightforward narrative, and that we would have absolutely everything that you knew about this.

Mr. ROBERTSON. That is exactly what you are getting.

Mr. CAMPBELL. Yes, and yet you have given the pencil to Mr. Connolly with which he is to have written a telegram, in order to support the testimony that he gave in New York.

Mr. ROBERTSON. I am merely telling you the facts——

Mr. CAMPBELL. You are positive now that you gave him the pencil with which to write that message?

Mr. ROBERTSON (continuing). And I want to go on record as to that fact; yes, sir. What the message was he was going to write or going to send I absolutely did not know.

Mr. WHIPPLE. It might have been an order for stock and had no connection with this?

Mr. ROBERTSON. Mr. Whipple, that could not be, because he said he was going to send a message.

Mr. CAMPBELL. Would not that be an order?

Mr. ROBERTSON. Not for stock; no, sir.

Mr. CAMPBELL. You have given the committee all of the information——

Mr. ROBERTSON (interposing). Absolutely all that I know.

Mr. CAMPBELL (continuing). That you have on this matter?

Mr. ROBERTSON. Absolutely, Mr. Campbell; and I think my integrity is unquestioned in this town.

Mr. LENROOT. When, Mr. Robertson, since the 20th day of December, did you first talk with anybody about the fact of anyone in your office having sent a message to Hutton & Co. in regard to this?

Mr. ROBERTSON. Regarding this peace note?

Mr. LENROOT. Yes, sir.

Mr. ROBERTSON. I think it was when Mr. Connolly was in New York, I think, I talked to Bolling about it.

Mr. LENROOT. That was the first conversation you had with anybody?

Mr. ROBERTSON. With anybody in regard to any message whatever.

Mr. LENROOT. Or in regard to whether any information had gone out from your office——

Mr. ROBERTSON. Yes, sir.

Mr. LENROOT (continuing). Upon the subject of this peace note?

Mr. ROBERTSON. Yes, sir.

Mr. LENROOT. When did you first hear that Mr. Bolling's name was connected with this matter?

Mr. ROBERTSON. I read in the papers, I think, where Mr.—I think Representative Wood, or Congressman Wood——

Mr. LENROOT. When prior to to-day has the circumstance of Mr. Connolly's mentioning to you that there was gossip in the office concerning a peace note and asking you for a pencil with which to write a message to Hutton & Co. first been brought to your mind?

Mr. ROBERTSON. When was it?

Mr. LENROOT. Yes.

Mr. ROBERTSON. That he asked me——

Mr. LENROOT. No.

Mr. ROBERTSON. That he told me——

Mr. LENROOT. No; when has that, prior to to-day and since the 20th of December, been in your mind first?

Mr. ROBERTSON. It was in my mind from the time he said he was going to send Hutton & Co. a message, and I think he mentioned Mr. George A. Ellis's name personally.

Mr. LENROOT. You have had that in your mind from the 20th of December until to-day?

Mr. ROBERTSON. Yes, sir.

Mr. LENROOT. Then, from the 10th day of December, Mr. Bolling appeared before this committee and testified; you knew that?

Mr. ROBERTSON. Yes, sir.

Mr. LENROOT. You knew that Bolling's name was connected with this matter, and that he was testifying before the committee, that he had no knowledge or information, and that his office had none concerning any advance information?

Mr. ROBERTSON. I never read Mr. Bolling's testimony at all.

Mr. LENROOT. Was this a matter of so little interest to you, Mr. Robertson, the fact that a member of your firm being connected with it, that you neither read Mr. Bolling's testimony nor talked with him about it?

Mr. ROBERTSON. It means that I have so much on me that I hardly have time to look at the newspapers.

Mr. LENROOT. Can you imagine a circumstance or an instance of greater importance to the business of your firm, had it been true, than this very matter or more greatly affecting the business of your firm?

Mr. ROBERTSON. Well, I never thought of it in that light at all.

Mr. LENROOT. You did not?

Mr. ROBERTSON. No, sir; but you are asking me in regard to Connolly and in regard to the message that he was going to send. Now, what the body of the message——

Mr. LENROOT (interposing). I was not asking you that. You understand that very well. You did not understand that it was a question of great importance whether your office had any information concerning a peace note and was sending it to anybody?

Mr. ROBERTSON. No, sir; because I am positive that Mr. Connolly had a gossip.

Mr. LENROOT. That is not the question. Please confine yourself to answering my questions.

Mr. ROBERTSON. All right, I beg your pardon.

Mr. LENROOT. Mr. Bolling's name was connected with this matter as being charged with having advance information. Mr. Bolling was a member of your firm. You say that to this committee now that at the time Mr. Bolling testified before this committee you knew that Mr. Connolly had sent a message, or at least he borrowed a pencil from you with which to write one, sending advance information to Hutton & Co. concerning the peace note?

Mr. ROBERTSON. I knew that Mr. Connolly said he was going to send a message.

Mr. LENROOT. And that was in your mind. You said it had been in your mind constantly?

Mr. ROBERTSON. Yes, sir.

Mr. LENROOT. And yet, Mr. Bolling, a member of your firm, came to this committee and testified, and you knew that had been done, and you never mentioned the matter to Bolling. You want this committee to understand that?

Mr. ROBERTSON. Absolutely.

Mr. LENROOT. And you want this committee to understand that you never had any conversation with Connolly about it prior to Mr. Connolly's testimony in New York?

Mr. ROBERTSON. Absolutely not.

Mr. LENROOT. And you would have this committee understand that you are an experienced business man?

Mr. ROBERTSON. Yes, sir.

Mr. GARRETT. Mr. Robertson, I wondered why it was those facts and circumstances that have just been related to you by Mr. Lenroot and made the basis of inquiry to you did not make any more impression upon your mind than you say it made.

Mr. ROBERTSON. Because there have been so many messages sent that I have not paid any attention to any messages that went over the wires. It is not business; I have nothing to do with it.

Mr. GARRETT. Yes; but if you will pardon me, Mr. Robertson, you must have known that the peculiar setting in which this transaction was framed rendered it different from other cases.

Mr. ROBERTSON. I would have known if I had followed it more closely, which I have not done, I am sorry to say.

Mr. GARRETT. Did you not realize the situation in which Mr. Bolling—

Mr. ROBERTSON (interposing). No, sir; I did not.

Mr. GARRETT (continuing). Was placed in this matter?

Mr. ROBERTSON. No, sir; I did not.

Mr. GARRETT. When did it first dawn upon you the delicate and embarrassing situation in which Mr. Bolling was placed by this transaction?

Mr. ROBERTSON. Why, ever since that he was summoned and subpoenaed to testify I always thought, and I expressed my feelings to Mr. Bolling, that I was sorry he was dragged into it, an innocent party.

Mr. GARRETT. Did it not occur to you when you first saw the name Bolling mentioned in the newspapers in connection with it and in the very same sentence and connection the fact of his relationship to the President of the United States mentioned—did that not make an impression upon you—

Mr. ROBERTSON. No, sir.

Mr. GARRETT (continuing). That rendered this different from other cases that might arise?

Mr. ROBERTSON. I did not, because I looked at it this way: Any person that is fortunate enough to be so well off socially and up he is to be expected to be mentioned in the newspapers.

Mr. GARRETT. I am not meaning to state that the intimations were true as regards these statements, and I hope you understand that. I do not want to place myself and I am sure the committee does not want to be placed in such a position, by any member of the committee. But that is not the point I was getting at or attempting to arrive at when I questioned you. What I really desired to know was whether the fact of his situation was not sufficient to impress very vividly upon

your memory this transaction you say occurred with Connolly there about sending this message?

Mr. ROBERTSON. No, sir; I never thought of it in that light at all.

Mr. GARRETT. I should like to ask, if you three partners have discussed this matter together?

Mr. ROBERTSON. No, sir.

Mr. GARRETT. At no time since the first appearance of it in the newspapers?

Mr. ROBERTSON. Not together; no sir.

Mr. CHIPERFIELD. Mr. Robertson, you said something about a great many messages being sent and that it was hard to keep things in your mind on that account?

Mr. ROBERTSON. I am speaking of regular routine business messages.

Mr. CHIPERFIELD. You differentiate between orders for stock and what you call "messages," then?

Mr. ROBERTSON. Yes, sir; for instance, we receive messages saying, "We are shipping you so much stock to-day, charging your account, we are crediting your account with dividends," so and so, messages day in and day out.

Mr. CHIPERFIELD. Do you call it an order where you say——

Mr. ROBERTSON. No; a message saying what they are doing and what are you doing when it is back and forward——

Mr. CHIPERFIELD. Just one moment. Do you differentiate between orders for stock and messages?

Mr. ROBERTSON. Do I differentiate in regard to——

Mr. CHIPERFIELD. The question I asked you, where you said you sent——

Mr. ROBERTSON (interposing). Of course, a message to buy stock is a message; there is no question about that.

Mr. CHIPERFIELD. Oh, yes; technically.

Mr. ROBERTSON. Yes, sir.

Mr. CHIPERFIELD. But referring to news messages. There are many news messages sent over your private wire?

Mr. ROBERTSON. I could not answer that, because I do not know.

Mr. CHIPERFIELD. You do not know whether or not?

Mr. ROBERTSON. No, sir; I do not.

Mr. CHIPERFIELD. Do you remember any other news message ever having been sent over this wire except the one you gave Mr. Connolly one of your three carefully kept pencils to write with?

Mr. ROBERTSON. Yes; there was a message sent over, which I did personally.

Mr. CHIPERFIELD. When was that?

Mr. ROBERTSON. It was the day that the President was to speak before the Senate on foreign relations.

Mr. CHIPERFIELD. What did you send that day?

Mr. ROBERTSON. And I addressed Ellis. I think I said, "There is rumored that the President will speak to the Senate on foreign relations."

Mr. CHIPERFIELD. And that is since this committee has been sitting?

Mr. ROBERTSON. Absolutely, a rumor I picked up in the office.

Mr. CHIPERFIELD. The Senate meets at 12 o'clock these days, does it not?

Mr. ROBERTSON. Yes, sir.

Mr. CHIPERFIELD. And how long before 12 o'clock were you able to send that information over there?

Mr. ROBERTSON. I sent that over there in the neighborhood of 10.30.

Mr. CHIPERFIELD. Where did you find that out at 10.30 in the morning?

Mr. ROBERTSON. Gossip in the office.

Mr. CHIPERFIELD. Was any other office in Washington gossiping about that message?

Mr. ROBERTSON. Absolutely.

Mr. CHIPERFIELD. Every office in Washington?

Mr. ROBERTSON. Yes, sir.

Mr. CHIPERFIELD. What ones?

Mr. ROBERTSON. And Mr. Connolly came in about 11 o'clock and said, "You must have been wrong," and that "He is merely going to move his office over to the Capitol." I said, "Then it better be rectified." That is all I know about it, but later he found it to be so.

Mr. CHIPERFIELD. You did not know that one and a half hours before the President addressed the Senate——

Mr. ROBERTSON. Only through gossips.

Mr. CHIPERFIELD. And in substance so that you sent a message to New York?

Mr. ROBERTSON. Just merely said what I told Ellis, that he was to appear before the Senate and address it on foreign relations.

Mr. CHIPERFIELD. Will you produce a copy of that message so sent?

Mr. ROBERTSON. Only what I told you. Do you want me to write what I have just told you?

Mr. CHIPERFIELD. Have you not got it in your office?

Mr. ROBERTSON. We do not keep any copies at all.

Mr. CHIPERFIELD. So we will have to depend on your recollection for a copy. I do not think I will trouble you for that.

Mr. ROBERTSON. Yes, sir.

Mr. CHIPERFIELD. Just pick up the message in front of you.

Mr. ROBERTSON. This one [picking up paper]?

Mr. CHIPERFIELD. Yes. Now, Mr. Essary, a newspaper man of experience, and whose daily business it is to send out descriptions of papers and documents, says he sent that message through Mr. Roper from your office on December 20. Mr. Roper, your telegraph operator, says that he sent it at 1.35 on December 20. Now, I want to read to you the message that your partner in New York City, on page 707 of the record, January 31, said was the message that he sent, and ask you to note any difference, if you can. This is what your partner says he sent. You will follow the reading of that, and I will read slowly (reading):

We are confidentially informed that a highly important message to all belligerents and neutrals has been issued from Washington. Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record, to be considered if there is peace, and warning that neutral rights must not be further encroached upon. Full text to be given out to-night, and will be looked on as move of great moment.

Is there any difference between what your partner said he sent and what Mr. Essary sent?

Mr. ROBERTSON. No difference from what you read here.

Mr. CHIPERFIELD. That is what your partner said he sent. Do you think it humanly possible that Mr. Essary at one time, your partner at another time, from the same office to the same office, on the same day, within the same hour, sent a message word for word, the same?

Mr. ROBERTSON. Just exactly as I explained to the chairman a few moments ago.

Mr. WHIPPLE. You mean, unless both got it from exactly the same text?

Mr. BENNET. Unless they both got it from exactly the same text.

Mr. ROBERTSON. Not necessarily. Mr. Connolly could get his from Essary.

Mr. BENNET. Without going over that ground again, you do not want to tell men who, by their constitutions, are over 25 years of age, that you think that Mr. Connolly coming in after lunch, seeing this flash on the board, knowing that you had no wire connection except with Hutton & Co.—

Mr. ROBERTSON. Now, just a moment. You are a little too fast there. The southern circuit runs through, and Roper gets lots of gossip over that wire.

Mr. BENNET. The southern circuit runs into Hutton & Co.?

Mr. ROBERTSON. Yes, sir.

Mr. BENNET. And anything that goes over the southern circuit goes to Hutton & Co.?

Mr. ROBERTSON. Yes, sir.

Mr. BENNET. And what is posted on your gossip board as street information by Mr. Roper is what has gone over either the southern or your other wire, is it not?

Mr. ROBERTSON. Yes, sir.

Mr. BENNET. And they are both Hutton wires?

Mr. ROBERTSON. Yes, sir.

Mr. BENNET. And then you still stick to your story that Mr. Connolly came in, borrowed the pencil, went to the bulletin board, and carefully and laboriously—

Mr. ROBERTSON. (interposing). I beg your pardon. I did not say he went to the bulletin board. I do not know where he went after he got the pencil.

Mr. BENNET. You do not know where he went?

Mr. ROBERTSON. He merely stated he was going to send a message.

Mr. BENNET. And as this is the message which he swears he has sent which I have read to you and which you testified is word for word the same as the Essary message, can you imagine it came from anywhere except from the same source as Essary got his, if he really sent a message?

Mr. ROBERTSON. Well, unless he copied Essary's message, as I say—I say I do not know. You are asking me something I absolutely do not know.

Mr. BENNET. If you did not happen to be his partner and you were entirely without—

Mr. ROBERTSON (interposing). Just a moment. I want you to understand right here that whether he is a partner or not I am up here to tell the truth and you are going to get it.

Mr. BENNET. I am trying hard to get it.

Mr. ROBERTSON. You are trying very hard and you are giving it from the shoulder.

Mr. BENNET. All right. You will get a little bit more from the shoulder. If you were not a member of the firm of F. A. Connolly & Co., and there was produced before you two alleged messages, identical in form, one of which was unquestionably sent by a Mr. Essary, and then you are further confronted by the fact that your partner had identified the Essary message as his message, do you, as a reasonable man, think that you would ask any intelligent men to believe that your partner did send an independent message that happened to be word for word the same as the Essary message?

Mr. ROBERTSON. Mr. Benret, why do you not get Roper and ask him if he did not put a transcript of Essary's message on our board, so that Mr. Connolly—a copy, ask him if he did; I do not know whether he did or not.

Mr. BENNET. I will tell you why. You asked me a question—because I do not believe Mr. Connolly would be so foolish as to go up to your bulletin board and copy the Essary message and send it to Hutton & Co. again. That is the answer. I may think some things about him, but I do not think he is foolish.

Mr. ROBERTSON. That is your opinion. [Laughter.]

The CHAIRMAN. Did you call his attention to the fact that Connolly said that is only an amplification of the stock flash. The following lines say that is what Connolly said, page 707.

Mr. BENNET. The question was asked (reading):

You regard that message as simply an amplification of the stock flash?

Mr. CONNOLLY. That is all. There is nothing secret in it.

Then, a little further; let me read you (reading):

Where could you get from that stock flash the information that this message was going not only to the belligerents but to the neutrals?

Mr. CONNOLLY. Well, I just assumed that it was going to the world.

Mr. BENNET. You just guessed it?

Mr. CONNOLLY. I just assumed that it was going to the world.

In other words, on pages 706, 707, 708, 709, and 710 Mr. Connolly testified over and over again that he composed that message. Now, with that information in your possession, does that change your faith at all that he simply copied it from the bulletin in your office and sent it again to Hutton?

Mr. ROBERTSON. It does not; no, sir. [Laughter.]

Mr. HARRISON. You stated that you had a third interest in that seat, which was worth about \$75,000, on the New York Stock Exchange, Mr. Robertson. Do you know whether or not when they expel a member from the New York Stock Exchange by action of the governing board that he loses his money, loses the value of the seat?

Mr. ROBERTSON. No, sir.

Mr. HARRISON. Have you given that any thought——

Mr. ROBERTSON. None whatever.

Mr. HARRISON (continuing). To the question of whether or not if your partner, Mr. Connolly, who seems to own a third interest and who holds the seat should be expelled, you will lose a third interest?

Mr. ROBERTSON. No, sir; I never thought of it at all.

The CHAIRMAN. Mr. Whipple, are you through?

Mr. WHIPPLE. I am.

The CHAIRMAN. You will remain in the city, Mr. Robertson?

Mr. ROBERTSON. I will. I will come here when wanted.

TESTIMONY OF MR. EARL GODWIN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name?

Mr. GODWIN. Earl Godwin.

Mr. WHIPPLE. Where do you reside?

Mr. GODWIN. In Washington.

Mr. WHIPPLE. How long have you resided in Washington?

Mr. GODWIN. I was born here. I have lived here intermittently all my life.

Mr. WHIPPLE. You may know how hard it is for the gentlemen of the press to hear witnesses who speak indistinctly.

Mr. GODWIN. Oh, yes.

Mr. WHIPPLE. What is your occupation?

Mr. GODWIN. I am a reporter for the Evening Star, stationed at the Capitol.

Mr. WHIPPLE. How long have you been a reporter?

Mr. GODWIN. Nine or ten years—ten years.

Mr. WHIPPLE. And for the Evening Star continuously?

Mr. GODWIN. Ten years, yes.

Mr. WHIPPLE. Let me direct your attention back to December 20th of last year. Do you remember hearing sometime during the day of something being said by Mr. Secretary Lansing to the reporters on that morning?

Mr. GODWIN. No, not in that way. Shall I tell you—

Mr. WHIPPLE. Tell me, were you present?

Mr. GODWIN. I was not present. I was in the House Press Gallery all of that day and nearly every other day.

Mr. WHIPPLE. When and where did you first hear it?

Mr. GODWIN. The matter was called to my attention in this hazy and indefinite way. What we call the "Press Gallery" is a series of rooms linked like a sausage behind the seats in which the reporters sometimes listen to the House debates when anything interesting is going on, and as I was rushing in to the telephone to dictate a short story and as I turned through I heard somebody say something about a "peace manifesto to-night," and I am utterly unable to recall who said it; and I dictated my little story to the Star, and then I called up the White House and I asked for the press room at the White House, and somebody answered. I said, "This is Earl Godwin. What about a peace manifesto going to be issued by the President," and they said, "Absolutely nothing doing." And now what?

Mr. WHIPPLE. Have you finished up to that point?

Mr. GODWIN. That is finished.

Mr. WHIPPLE. What time was it you called the press room at the White House?

Mr. GODWIN. I do not know. I think it was between 12 and half past 2; I am not sure.

Mr. WHIPPLE. Did your paper have a representative that usually attended the meetings of the Secretary of State?

Mr. GODWIN. Yes.

Mr. WHIPPLE. Who was there that morning?

Mr. GODWIN. I do not know. I presume Mr. Clark was there; he has been for 20 or 30 years.

Mr. WHIPPLE. He was ordinarily on duty there?

Mr. GODWIN. Yes.

Mr. WHIPPLE. Had you heard that this rumor, or whatever it was, was in consequence of something Secretary Lansing had told?

Mr. GODWIN. No. All I heard were the words, "President's peace manifesto" by one or two men. I can not now recall, to save my soul who, and I did not connect Secretary Lansing with it at all.

Mr. WHIPPLE. All you heard from the press room was "Nothing doing," or "Nothing in it?"

Mr. GODWIN. "Absolutely nothing to it" or "Nothing doing."

Mr. WHIPPLE. Who answered the press room call?

Mr. GODWIN. I do not know; I think it was Claggett.

Mr. WHIPPLE. What time was that?

Mr. GODWIN. I do not know. I think I have said between 12 and half past 2.

Mr. WHIPPLE. Mr. Claggett, representing what paper?

Mr. GODWIN. Well, if it was Claggett—let me remind you that I am well known in Washington in the newspaper fraternity, and if I call up a press room, it is not necessary to say, "Who are you," I say "Earl Godwin. What about it?" And he will recognize me and say so and so.

Mr. WHIPPLE. Is that your best recollection, it was Claggett?

Mr. GODWIN. I think it was.

Mr. WHIPPLE. And what paper does he represent?

Mr. GODWIN. The Associated Press.

Mr. WHIPPLE. You took that as final, I understand.

Mr. GODWIN. I took it as final on the matter I was concerned with.

Mr. WHIPPLE. What was the matter you were concerned with?

Mr. GODWIN. The matter I was concerned with was telling a fellow in New York that the thing was not true.

Mr. WHIPPLE. Had you received any message from the fellow in New York?

Mr. GODWIN. No, I had not.

Mr. WHIPPLE. What obligation was there on you?

Mr. GODWIN. There was not any obligation on me at all. The story that you are trying to get at is this——

Mr. WHIPPLE. Yes; if you will pardon me, first, how did you know that the fellow in New York had heard the rumor?

Mr. GODWIN. I did not; but let me explain it.

Mr. WHIPPLE. Very well. Tell it in your own way.

Mr. GODWIN. I have a friend in New York, Frank Scheffey, a young fellow of very fascinating personality. I have been acquainted with him quite a long time, a member of the firm of Herrick & Bennett, at 66 Broadway, who deal in finances in some deep and utterly incomprehensible manner, to me.

Mr. WHIPPLE. They are generally known as stockbrokers?

Mr. GODWIN. I do not know whether they are generally known as stockbrokers or not. I sat in their offices three or four hours and never saw a customer, but they are all busy. [Laughter.] But, I say, I have known Frank Scheffey for a good long time, and the last time I was in New York, which was in October, I think, or November—it was when Ambassador Gerard landed in New York, and Mr. Scheffey and I went to dinner at the Biltmore Hotel, and he told me of the

terrific jab that the stock market had received that day because of a rumor. Now, the rumor he referred to was either that Gerard was bringing a peace message or that Von Bernstorff was getting his passports, or maybe the two of them, but he told me how ticklish the business was in New York, and how stocks would slump when one of these fakes come out on the street, and he expressed it as manufactured by fellows who wanted to make a killing. So we had quite a long talk about this matter. I have a small account in his firm, and I have known him a long time, and he bought me some submarine stock that functioned properly and went to the bottom and stayed there. [Laughter.] I have written to him on many occasions. I have kept him in touch with the political situation and telegraphed him, for instance, November 6, that Charles Evans Hughes would positively be elected.

Mr. WHIPPLE. And other reliable information?

Mr. GODWIN. And other reliable information, and have written to him about the Mexican situation and he has written to me, and we have exchanged the ordinary correspondence that an interesting New York man will have with a chum in Washington. So I took it into my head that I would puncture this fake on December 20. [Laughter]. So, without being called on the long-distance telephone and without having any message from him about it, I sat down and wrote a telegram, which I see you have over there.

Mr. WHIPPLE. Yes, I have it. [Laughter.] [Handing telegram to Mr. Godwin.]

Mr. GODWIN (reading):

H. of R. PRESS GALLERY,
December 20, 1916.

FRANK SCHEFFEY,
66 Broadway, New York City:

Rumors reaching here that President will issue peace manifesto are vigorously denied at White House.

GODWIN.

Mr. WHIPPLE. What time did you send that?

Mr. GODWIN. I really do not know. It was sometime between 12 and 3.

Mr. WHIPPLE. Sometime between 12 and 3?

Mr. GODWIN. I think it was.

Mr. WHIPPLE. I wanted to see if it got there to be a tailpiece of the Wall Street Journal information, which said that there was no confirmation of the rumor in administration circles.

Mr. GODWIN. I do not think they have any connection with the Wall Street Journal. I do not know anything about that.

Mr. WHIPPLE. Things spread fast even if they do not apparently have many customers.

Mr. GODWIN. That may be true. I do not want to advertise the lack of customers in Scheffey's office, but it is not a commission house, so far as I know.

Mr. WHIPPLE. Not a commission house?

Mr. GODWIN. I do not know about brokers. I do not know anything about their business.

Mr. WHIPPLE. You remember the electrical submarine stock functioning. You no doubt know about it.

Mr. GODWIN. You can buy that stock at many a bank. You can ask your banker to buy you stock. They do other things. I think they financed a railroad once.

Mr. WHIPPLE. Did you hear anything about the same subject matter later in the day?

Mr. GODWIN. About this? No, I did not, not until next morning, in the papers.

Mr. WHIPPLE. It passed away from your mind?

Mr. GODWIN. It passed away.

Mr. WHIPPLE. Until you saw that you were wrong about it?

Mr. GODWIN. It passed away, and I thought that I had been badly treated, and I was rather sore at the chap up there. I do not know whether he knew about it or not, but since this matter came to my attention I am very glad that I got the wrong information. [Laughter.]

Mr. WHIPPLE. You are thankful you got the wrong information? [Laughter.]

Mr. GODWIN. I would like to say, seriously, to the committee about that, that the members of the press gallery are seriously embarrassed over matters of this sort, and there are several members of this committee that have favored me with confidences that have been at the time just as important as that, and I think and hope they will still favor me and other members of the press gallery, because the average newspaper man deprecates services for pay with brokerage houses. The idea is not that it is a dishonorable matter, but it is not exactly in accordance with the ethics of the newspaper profession. Whether or not they violate the confidences that are given them, there are several men in this town who serve ticker services and they have constantly opportunity to put on their wires rumors, that is, it is alleged or it is understood that such and such a thing is going to occur, when, in reality, that would simply be violating a confidence. Now, the fact that a newspaper goes to press at 3 o'clock and the ticker is constantly at press, does not make the slightest bit of difference. We believe that the newspaper men—that is, the members of the press I have talked to—we ought strictly to adhere to the ethics of the profession, as I understand them.

Mr. WHIPPLE. As I understand it, Mr. Godwin, it is a fact that in sending this message you violated no confidences that had been given to you in any way; that is, you knew no restrictions about it, and you stated the contrary of what was current gossip, and you received no pay for it?

Mr. GODWIN. Exactly. I received no pay for it. In fact, the submarine-boat stock is all I have ever got—the only pay I get is the friendship of Scheffey; we are very friendly.

Mr. WHIPPLE. And you were undertaking, as I understand it, to do these friendly offices for him entirely without pay or compensation?

Mr. GODWIN. No pay.

Mr. WHIPPLE. Except the mutual friendliness?

Mr. GODWIN. There is not anything that I have ever—my correspondence with him has been of more value to me than it ever was to him.

Mr. LENROOT. From what I gather, you wish us to understand that if you had had a matter of this kind in confidence you would not have given it to Scheffey or anybody else?

Mr. GODWIN. Mr. Lenroot, I hope I would not have done so. I do not believe I would have done so had I been present at the Lansing conference and, as I understand, the Lansing conference was this: That Mr. Lansing told newspaper men that he knew that such and such a thing was going to come, was going to be given out that night, but that it had already gone abroad and he was rather afraid garbled reports would come back from the cable offices abroad, and that the bulletins that would trickle back over the cable from Europe would naturally be short and perhaps not carry the fine distinctions that are necessary in diplomatic correspondence, and that some of these men were asked to tell their offices and some of these men did tell their offices to hold space, as such an such a thing was coming. Under those circumstances, had I been told this thing, and if I had gone to the telegraph office and telegraphed this to Mr. Scheffey or anybody else I would now feel obliged to resign from the press gallery and from my job. That is the way I feel about the matter. If in any case I have ever overstepped any bounds in my relations with any business man—and there are several business men I know; I am related to several very large business men—if I have ever overstepped the confidence imposed upon me, I hope I will have a chance to explain them. I do not remember any at this present time.

Mr. HARRISON. You say this is not the first time your prophecies have not come true?

Mr. GODWIN. The one about the election of Charles Evans Hughes did not.

Mr. HARRISON. I want to ask you, in all seriousness, you being a prominent member of the National Press Club and of the press gallery of the House, whether you would suggest that at the beginning of the next session of Congress the Rules Committee should pass a rule saying that no representative of any newspaper could be admitted to the press gallery of the House who represented any brokerage firm, in addition to his newspaper? What would you suggest in that connection?

Mr. GODWIN. What would I say about that?

Mr. HARRISON. Yes.

Mr. GODWIN. That would cover the matter as far as the matter of admission to the press gallery was concerned.

Mr. HARRISON. Of the House. Do you desire to give any further answer to that?

Mr. GODWIN. The standing committee is considering that matter, and I am a junior member of that standing committee, and for the purpose of record, I can say that the standing committee is the committee which considers all problems that come before the House governing or regarding the admission of newspaper men to the press galleries. We had a meeting yesterday and we discussed that matter informally, and we have an idea that we will probably make a suggestion to the Rules Committee about that. If that covers the matter entirely, I think it ought to be done.

The CHAIRMAN. You know that the Rules Committee always investigates the question as to whether the representatives of the press

associations have any connection with a brokerage house, before the men representing such press associations are admitted to the privileges of the floor?

Mr. GODWIN. That is in reference to the floor.

The CHAIRMAN. Yes, on the floor.

Mr. GODWIN. I may say, for the information of the committee, that the blank which the men sign when they desire to be admitted to the press gallery, to represent a newspaper or a press association, has no reference to anything of that nature, and as I recall, there is nothing of that kind on the application blank.

The CHAIRMAN. But the fact is that if one of these newspaper correspondents has any connection with a brokerage concern—any moneyed connection—it would not make him desirable for his other duties, would it, because he would be impelled to hasten the sending of important information?

Mr. GODWIN. I do not want to pass judgment——

The CHAIRMAN (interposing). The Rules Committee may want to take up that very question.

Mr. GODWIN. In other words, what I mean is, do you not believe you should ask that question of the chairman of the standing committee and the older members of the committee, who have been in Washington 20 years or more? I am only a junior member of the standing committee.

The CHAIRMAN. If you do not care to answer the question I will not press it, but you had ventured the suggestion, and it seemed to my mind to be an important matter.

Mr. GODWIN. Well, let it go at that.

Mr. WHIPPLE. I think it is only fair to say, Mr. Chairman, that there was no suggestion of any violation of confidence by Mr. Godwin in the testimony, and he was anxious to make his full statement to the committee.

Mr. BENNET. Supposing, when you call up the press room at the White House, and Mr. Claggett, or somebody else answers, and says to you that Secretary Lansing made a statement to the newspaper men in confidence, would you then feel at liberty to send a wire to Scheffer, saying that is true?

Mr. GODWIN. I would not have felt at liberty to do so, and if I had done so, as I said before, I believe I would have resigned from the press gallery. I believe I would have had to do that. I am so glad the good Lord took care of me on that occasion, and that I blundered into this thing.

Mr. BENNET. It was your past training that stood you in good stead. If you had had exactly the opposite information you would not have sent it to Mr. Scheffer in New York?

Mr. GODWIN. If I had had the true information, with the proviso that it was confidential?

Mr. BENNET. Yes.

Mr. GODWIN. No. I was under no obligations to this fellow, except that I had in mind—I was hypnotized by the trouble the man had over another fake, and I was coming to the front to do what I could.

Mr. BENNET. I wanted to get your point of view, as I have always understood there was a sort of an understanding amongst the men of any newspaper corps in any town, that when things are given in

confidence by an official or anyone else to the corps, and that information was passed around, it was with the implication that the confidence went with the news.

Mr. GODWIN. That is absolutely so. It is surprising to me to hear anybody say in this town that there are 40 or 50 different ways of violating a confidence. I only know of one way, and that is to violate it.

Mr. BENNET. And you regard the confidence imposed in the newspaper men as not the confidence reposed in an ordinary individual, but a confidence reposed in a profession or a craft?

Mr. GODWIN. Certainly.

(Thereupon the committee adjourned to meet to-morrow, Wednesday, February 7, 1917, at 10 o'clock a. m.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,

AND

H. RES. 429

APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 7, 1917

PART 19

WASHINGTON
GOVERNMENT PRINTING OFFICE

1917

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., Wednesday, February 7, 1917.

The committee met at 10.15 o'clock a. m., Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order. Who is your next witness, Mr. Whipple?

Mr. WHIPPLE. Mr. Chairman and gentlemen, Mr. Malcomb McAdoo, of New York, has come over to give testimony with regard to a reference which we find in the record with regard to himself, and therefore, somewhat out of the line of the orderly development of the inquiry which I had planned, with the approval of the committee, I will question Mr. McAdoo, or at least give him an opportunity to state the facts bearing upon this reference. I was pausing for a moment—

Mr. CHIPERFIELD (interposing). What is the page of the record?

Mr. WHIPPLE. The reference to Mr. McAdoo's name is on page 289 of the record, but evidently the witness then under examination had described or referred to certain activities earlier in the record, and those I am trying to find. I had not looked it up because I had not anticipated just this turn. If any one happens to have the earlier statement of Mr. Lawson in regard to Mr. McAdoo, I should appreciate your assistance.

The CHAIRMAN. It is in the record.

Mr. WHIPPLE. Page 289 is where the name is mentioned, but there it merely mentions him without characterizing the activities.

Mr. GARRETT. My recollection is that that was all the testimony there was touching Mr. McAdoo.

Mr. WHIPPLE. It is a reference to a go-between, or something there. I do not find any charge made. There seems to be a mere reference. It appears while Mr. Garrett was conducting the examination on page 175. Mr. Lawson states:

We have got two things mixed. In this particular thing, there is a banker, a Cabinet officer, and a great official. That is the question I am in contempt for.

The CHAIRMAN. Are you ready to proceed?

Mr. WHIPPLE. I think I will do so. If I find anything further in the record I will call him later.

The CHAIRMAN. Mr. McAdoo will come forward.

Mr. GARRETT. I was only inquiring there about the Cabinet officer. There was no inquiry being made about the relatives of the Cabinet officer.

TESTIMONY OF MR. MALCOLM ROSS M'ADOO.

The witness was sworn by the chairman.

Mr. WHIPPLE. Will you state your full name, Mr. McAdoo?

Mr. McADOO. Malcom Ross McAdoo.

Mr. WHIPPLE. Where do you reside?

Mr. McADOO. 629 West One hundred and fifteenth Street, New York.

Mr. WHIPPLE. What is your business or occupation?

Mr. McADOO. Consulting engineer.

Mr. WHIPPLE. Where is your office?

Mr. McADOO. 52 Vanderbilt Avenue, New York.

Mr. WHIPPLE. Have you a partner in that profession?

Mr. McADOO. I have not.

Mr. WHIPPLE. Are you connected with any concern or organization, or do you practice your profession by yourself?

Mr. McADOO. I practice it by myself. I have clients from time to time.

Mr. WHIPPLE. But I mean by yourself so far as financial or partnership relations are concerned?

Mr. McADOO. I am entirely independent in every respect.

Mr. WHIPPLE. How long have you been a consulting engineer?

Mr. McADOO. Ever since I graduated in 1886.

Mr. WHIPPLE. Where did you graduate?

Mr. McADOO. From the University of Tennessee.

Mr. WHIPPLE. And since then you have continuously practiced that profession?

Mr. McADOO. Except for the management of public-utility properties, which began 28 years ago.

Mr. WHIPPLE. Are you still engaged in the management of public utility properties?

Mr. McADOO. That is my specialty, in the management of public utilities and the conducting of them.

Mr. WHIPPLE. Would you mind telling the committee in a general way as to the public utilities you have handled in this way?

Mr. McADOO. The first property I handled was in 1889 or 1888, the Knoxville Street Railway.

I went from that as general manager of the Atlanta Street Railways in 1891.

I went from there as manager of the Paterson Railway for Garret A. Hobart in 1893.

I continued there until 1899. I then went to Pittsburgh as general manager of the West Penn Railways & Lighting Co.

I went from there as president of the street railways in the city of Mexico.

I came back and became president of the Winnebago Traction Co.

I then became vice president and general manager of the New York & North Jersey Rapid Transit Co.

In the meantime, during all this period, I had been doing general consulting engineer work.

Mr. WHIPPLE. Have you a present relationship with the last corporation you named, the New York & North Jersey Rapid Transit Co.?

Mr. McADOO. Yes, sir; I am still connected with it, but it is not a going concern.

Mr. WHIPPLE. But you are now in practice as a consulting engineer?

Mr. McADOO. Consulting engineer.

Mr. WHIPPLE. Evidently your life has been pretty full of activities along the line of development of public utilities?

Mr. McADOO. Yes, sir.

Mr. WHIPPLE. I think it has been stated, and it is a fact, that you are a brother of Mr. William G. McAdoo?

Mr. McADOO. We are brothers. I am a brother of no man, in that sense. I made my own way in the world.

Mr. WHIPPLE. That is what I was about to ask you. Your activities have led you apart, apparently, a good deal.

Mr. McADOO. They have not led us apart. I simply followed my own life and he has followed his.

Mr. WHIPPLE. What I mean is that in the work of your life you have not been brought closely in contact with him nor he with you?

Mr. McADOO. We have not been associated except with the first property I ever handled, which was at Knoxville, Tenn.

Mr. WHIPPLE. Have your engagements in your life work permitted of your seeing very much of your brother?

Mr. McADOO. I see him whenever I feel like it. I see him very frequently.

Mr. WHIPPLE. You do see him very frequently?

Mr. McADOO. Yes, sir.

Mr. WHIPPLE. But merely as brothers, and not on business matters?

Mr. McADOO. I have been out to his house to see his family.

Mr. WHIPPLE. You have not had business connections at all?

Mr. McADOO. I have no business with him.

Mr. WHIPPLE. And have not had since some of your earlier——

Mr. McADOO (interposing). I have not had business relations with him since 1892, or 1891, I think it was.

Mr. WHIPPLE. And I take it from your narration of your activities of life as an engineer, that you have never been connected in any way with the Government service?

Mr. McADOO. I have never been in the Government service.

Mr. WHIPPLE. Now, Mr. McAdoo, your name happened to be mentioned by a witness before this inquiry, although, so far as I can see, nothing that could be dignified as a charge was made.

Mr. McADOO. I do not think you have got it all, Mr. Whipple.

Mr. WHIPPLE. We will look it through and see. Perhaps not. I call your attention to page 289 of the record, when Mr. Lawson was on the witness stand and after a peremptory order had been made by the House of Representatives requiring answers which would give the names of people that Mr. Lawson had previously referred to by innuendo or some other reference—I think I am right in that statement of the record—then this occurred, just below the middle of page 289, which is the beginning of it, which gave us the lead as to what was said:

The CHAIRMAN. Now, in this letter of January 12, you sum up succinctly the following matters:

“I intended to lay before the real investigation among other things:

"First, the name of the Congressman who mentioned to me the name of the banker, Cabinet member, and great official, and the names he mentioned and the amount.

"Second, the name of a great banker who conducted for himself, a Senator, and a Cabinet member 'leak' stock gambling.

"Third, the banker who was told by the great banker to stand by while he called a Cabinet member from bed to prove he controlled him.

"Fourth, the big banking house which did the business and the member of the great official's family and his partner who did the go-betweening."

Now, what is the name of that big banking house?

This was a question put by the chairman, and the reply was:

Mr. LAWSON. C. D. Barney & Co.

The CHAIRMAN. Now, who is the member of the great official's family? Barney & Co. is where?

Mr. LAWSON. Wall Street. They are a great house. Mr. Malcolm McAdoo.

The CHAIRMAN. The member of a great official's family?

Mr. LAWSON. Yes; a brother of Secretary McAdoo.

The CHAIRMAN. And his partner who did the go-betweening?

Mr. LAWSON. Stuart S. Gibboney.

The CHAIRMAN. Where does he live?

Mr. LAWSON. Well, he does business—both Mr. McAdoo and Mr. Gibboney have offices in the Grand Central Depot, in New York, and also at 165 Broadway, and one other place. They have three different offices.

That seems to cover all that was said. Now, I may be permitted by the committee to advise you that we have called the banker and some others that are involved in this statement and that the committee now desires me to direct the inquiry to you.

Did you ever at any time, either directly or indirectly, make any arrangement, financial or otherwise, or do go-betweening or have knowledge of any negotiations or go-betweening, if I may use the word, between the house of Barney & Co. and your brother, Mr. William G. McAdoo, or with Harvey Fisk & Co. and your brother?

Mr. McADOO. I do not know Barney & Co. I never did any go-betweening. I know one member of the firm of Harvey Fisk & Sons. That is Wilbur C. Fisk, who has left the firm and is president of the Hudson & Manhattan Railroad. I have never been in the house of Barney & Co. or Harvey Fisk & Sons. I know the name, and beyond that I know no one.

Mr. WHIPPLE. And in no form of communication have you ever communicated anything from your brother to either house?

Mr. McADOO. Never on this subject or any other subject.

Mr. WHIPPLE. Or from either of those houses to your brother?

Mr. McADOO. No.

Mr. WHIPPLE. Or had any discussion or a reference to this subject matter?

Mr. McADOO. I have never discussed it.

Mr. WHIPPLE. And I understand that that is your statement broadly and flatly and in emphatic terms?

Mr. McADOO. Yes, sir.

Mr. WHIPPLE. Now, the further reference is as to Mr. Gibboney. I take it from what you said that Mr. Stuart Gibboney is in no sense your partner?

Mr. McADOO. I do not know the man. I never saw him in my life. I never knew there was such a man until I saw his name mentioned.

Mr. WHIPPLE. Have you attempted to see since then whether such a man existed?

Mr. McADOO. I have not. I have not the slightest interest in him. If I want to be his partner, I will be. That is a matter between him and me.

Mr. WHIPPLE. But you do not know him?

Mr. McADOO. Except the implication that I am a thief---

Mr. WHIPPLE (interposing). No one has charged anything like that.

Mr. McADOO. But this man does.

Mr. WHIPPLE. The committee understands how deeply you feel on that subject.

Mr. McADOO. I know the committee does not, but this man does.

Mr. WHIPPLE. What man?

Mr. McADOO. Lawson.

Mr. WHIPPLE. I mean the committee understands how deeply you feel on that subject, but it must, of course, confine their questions solely to an orderly and dignified investigation.

Mr. McADOO. I have not any objection to answering in that way.

Mr. WHIPPLE. But the fact is you do not know Mr. Gibboney and did not then know him by name until this was started?

Mr. McADOO. That is correct.

The CHAIRMAN. Anything further?

Mr. McADOO. I think you had better ask me about the offices there. You might as well cover it all.

Mr. WHIPPLE. Now, have you offices in the Grand Central Depot?

Mr. McADOO. I had an office in the Grand Central Depot until about a year and a half ago. I now have it at 52 Vanderbilt Avenue. It is connected by a passage way with the Grand Central.

Mr. WHIPPLE. Have you one at 165 Broadway?

Mr. McADOO. I have none, but if I want to get one there, I will take it.

Mr. WHIPPLE. And then he said, "and one other place."

Mr. McADOO. I have not one other place, but if I want 300 in New York, I will take them.

Mr. LENROOT. Mr. Whipple, you asked him about Fisk & Co. Did I understand whether you asked him about Barney & Co?

Mr. WHIPPLE. Yes. He said he did not have any connection, and never knew any member of Barney & Co., but he did know one gentleman who used to be a member of Fisk & Co., but who is now president of what is sometimes called the McAdoo Tunnel.

Mr. McADOO. Mr. Wilbur C. Fisk.

Mr. WHIPPLE. But he said that on this subject matter he never had any communication, direct or indirect, of any sort or description. I think I have covered it all now, Mr. McAdoo.

Mr. McADOO. I want to say this to your committee: That I have no objection to answering any questions relative to myself, but as to the principle involved here, I did object, namely, that this man's testimony was pure hearsay. I do not know Lawson. I never saw him in my life. I did not know that he knew that such a man as me existed. Therefore I was astounded when he made a statement in regard to me which was pure hearsay.

Mr. WHIPPLE. Precisely.

Mr. McADOO. Now, in the regular court procedure, as you gentlemen all know, such testimony as that is not admitted of record.

Mr. WHIPPLE. May I explain to you in that connection, Mr. McAdoo—

Mr. McADOO (interrupting). Yes; you told me about it, Mr. Whipple.

Mr. WHIPPLE. The resolutions of Congress, under which this committee was bound to proceed, specifically provided—such was their earnestness to get at the bottom of this thing—that they not only might but must go further in order to open up the possibilities of finding information in every direction, so that the committee were proceeding in accordance with the mandates which created their duties, and not with any idea of permitting harm to any individual. You understand that a little more clearly now?

Mr. McADOO. I understand that quite clearly, but there is another subject which I do not think the committee appreciates. The newspapers of this country have circulated this libelous statement broadcast. They all know, as practical men, that the correction never catches up with the libel. For example, when the testimony of Saturday came out, I talked with a number of people regarding that and it is astounding to find that they have not followed that in the least.

Mr. CHIPERFIELD. To what testimony do you refer?

Mr. McADOO. The testimony of these two newspaper men. They did not follow it and they did not get it in their minds. What I objected to was this: That on the slightest cross-examination at the time that Lawson made these statements it would have been shown, and shown instantly, that he was making these statements on pure hearsay.

Mr. WHIPPLE. If you will let me suggest, Mr. McAdoo, in laying out the order of inquiry, the committee had to take certain lines and follow them up so that they would not only have a denial but an absolute demonstration that the matter was unfounded. Therefore your denial comes merely after a demonstration had already been made that no such thing was possible.

Mr. McADOO. Well, I hope it gets the same degree of circulation that the libel got, because I have taken clippings for the past month, and it is astounding how these libelous statements have been circulated throughout the United States and Canada; elsewhere I do not know.

Mr. WHIPPLE. I am very sure that the committee and everyone regrets what is evidently a misfortune.

Mr. CAMPBELL. Just one question, Mr. McAdoo. You have heard, have you not, that you have not been on speaking terms with your brother for 20 years?

Mr. McADOO. Well, I never heard that statement. I know we were not very friendly, but never ceased to speak.

Mr. CAMPBELL. You say now that you are friendly?

Mr. McADOO. We are friendly; yes, sir.

Mr. CAMPBELL. Have you heard that that friendship started since Mr. Lawson's testimony bringing your name into this matter?

Mr. McADOO. I never heard that statement.

Mr. CAMPBELL. What about it?

Mr. McADOO. Well, it is not true. I have been on very friendly terms with him for the past two years.

Mr. CAMPBELL. Have you been at his house since this investigation started?

Mr. McADOO. I have not. But if I wanted to go there, I would have gone.

Mr. CAMPBELL. Have you had a talk with him at his office since this investigation started?

Mr. McADOO. I have not. He stands on his own bottom. I am capable of taking care of myself.

Mr. CAMPBELL. Have you talked with him at any time about the subject matter of this inquiry?

Mr. McADOO. I have not. He sent me a letter congratulating me on my interview in the New York Times to which I replied, sending him a copy of the letter which I wrote to Chairman Henry. I have never heard from him since.

Mr. CAMPBELL. Have you been in the market in the last two years?

Mr. McADOO. The last time I ever tried to beat the shell game was in 1907.

Mr. CAMPBELL. 1907?

Mr. McADOO. Yes, sir. I took a little flier then just the same as I would guess under which shell the pea lay at a country fair.

Mr. CAMPBELL. And with substantially the same result?

Mr. McADOO. With substantially the same result. I do not mean to say by that that there are not plenty of decent men in Wall Street and plenty of decent business in Wall Street. There are just as many decent men there as anywhere else.

Mr. CAMPBELL. Have you had an account or speculated through any one else since that time?

Mr. McADOO. I have not. If I wanted to, though, I would.

Mr. CAMPBELL. I believe that is all.

Mr. CHIPERFIELD. You made the statement, Mr. McAdoo, a minute ago, of which I have no doubt, that the statements of Mr. Lawson were all hearsay. Let me direct your attention to this one further fact, which perhaps you have covered by your testimony. Is there any particle or iota of truth in any of the statements pertaining to this matter made by Mr. Lawson?

Mr. McADOO. None whatever.

Mr. CHIPERFIELD. Perhaps it may not be out of place to say to you, in view of the statement which you made, and in order that it may go into the record, that the committee very carefully attempted to examine Mr. Lawson, and that he proved to be an obdurate witness. He was apparently not disposed to give the committee the benefit of any information which he possessed, except general charges.

Mr. McADOO. The record did not show anything.

Mr. CHIPERFIELD. Oh, you are surely in error.

Mr. McADOO. Well, I did not follow the record, but I followed the newspapers.

Mr. CHIPERFIELD. Well, if you follow the record you will see that we most strenuously endeavored to examine him---

Mr. McADOO (interposing). Then I owe the committee an apology, because my entire feeling against the committee was based on the fact that I thought no effort was made to go back of these charges.

Mr. CHIPERFIELD. You were in error, because the committee does not want to draw out any matters that are not true.

Mr. McADOO. I owe the committee an apology if that is in the record. It is too bad the newspapers did not publish it.

The CHAIRMAN. Mr. McADOO, the committee will furnish you a printed copy of the record. You must remember that several have had their names taken in vain, and the newspapers give a pretty good account of it, but if you look at the record there is a different aspect. The committee interrogated Mr. Lawson for two or three days and he refused to answer a great many questions.

Mr. McADOO. It is too bad that the papers do not publish those things. They are too intent on libeling somebody to publish anything. I do not mean all of them, because there are plenty of decent papers.

The CHAIRMAN. You understand that the committee could not undertake to control the newspapers?

Mr. McADOO. Oh, you can not do that.

The CHAIRMAN. Sometimes they make mistakes, of course.

Mr. McADOO. I will give you a little example which will amuse the committee. The day after this hearing, I had among other newspaper men a man who claimed to represent the New York Tribune, who came in to see me and interviewed me. When he got through he said, "By the way, Mr. McAdoo, there is a man up stairs that I just called on. He owes me some money. He is out. Can you lend me \$2.

The CHAIRMAN. You can stand aside. Mr. Whipple, who is your next witness?

Mr. WHIPPLE. Mr. Boteler.

TESTIMONY OF MR. J. ALLEN BOTELEK.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name?

Mr. BOTELEK. J. Allen Boteler.

Mr. WHIPPLE. Where do you reside?

Mr. BOTELEK. Washington, D. C.

Mr. WHIPPLE. What is your occupation or business?

Mr. BOTELEK. Clerk.

Mr. WHIPPLE. Where are you a clerk?

Mr. BOTELEK. John L. Edwards & Co.

Mr. WHIPPLE. They are brokers and bankers having an office here in Washington?

Mr. BOTELEK. Brokers, but not bankers.

Mr. WHIPPLE. Brokers?

Mr. BOTELEK. Yes, sir.

Mr. WHIPPLE. How long have you been with them?

Mr. BOTELEK. About 15 months, I should say.

Mr. WHIPPLE. What are the duties that you do perform and have performed for that firm?

Mr. BOTELEK. The accountancy of the office.

Mr. WHIPPLE. Who are the partners of the firm?

Mr. BOTELEK. John L. Edwards and Albert P. Madeira.

Mr. WHIPPLE. Those two gentlemen?

Mr. BOTELEK. Yes, sir.

Mr. WHIPPLE. And the active management of business is in their hands?

Mr. BOTELEK. Yes, sir.

Mr. WHIPPLE. And are your duties in the nature of accounting merely?

Mr. BOTELER. Yes, sir.

Mr. WHIPPLE. Do you take orders and send them?

Mr. BOTELER. I do not take them and send them, but I take them.

Mr. WHIPPLE. You take them?

Mr. BOTELER. Yes, sir.

Mr. WHIPPLE. You are not what is known as a customer man, are you?

Mr. BOTELER. Well, our business is a small one, and I take orders and see people and talk to people.

Mr. WHIPPLE. So that you have not any strictly limited function?

Mr. BOTELER. No; just a general clerk.

Mr. WHIPPLE. Do you know Mr. Ramsey?

Mr. BOTELER. Yes, sir.

Mr. WHIPPLE. What is his full name?

Mr. BOTELER. Walter P. Ramsey.

Mr. WHIPPLE. How long have you known him?

Mr. BOTELER. I should say about a year; a little over a year, probably.

Mr. WHIPPLE. And in what connection?

Mr. BOTELER. A business connection.

Mr. WHIPPLE. That is, had he been a customer of your office at that time?

Mr. BOTELER. Yes, sir.

Mr. WHIPPLE. And has he been in the habit of coming in and going out?

Mr. BOTELER. Yes, sir.

Mr. WHIPPLE. How frequently, say in December, was he accustomed to call?

Mr. BOTELER. I could not tell you that, sir. I do not pay much attention to the incomings and outgoings of people.

Mr. WHIPPLE. Was he carrying an account with you then?

Mr. BOTELER. Mr. Whipple, I do not think, without counsel here, I do not know whether I have a right to disclose the business of the firm or not. It is a question with me——

Mr. WHIPPLE (interposing). I will waive that, and especially in recognition of your position, but Mr. Edwards is coming.

Mr. BOTELER. And he can answer that.

Mr. WHIPPLE. I think Mr. Ramsey himself told us—he was very frank about it—that he did, but I am not quite sure of the record in that respect. Now, I will ask you whether you remember that at any time in December Mr. Ramsey came into your office and said anything to you in relation to a peace note of the President, or some such topic?

Mr. BOTELER. Well, I can not recall the date. I should say it was in December, though, that Mr. Ramsey came in and asked me if I would confirm something that he had seen in another office.

Mr. WHIPPLE. What other office?

Mr. BOTELER. My recollection is that he said it was Connolly & Co., F. A. Connolly & Co.

Mr. WHIPPLE. What was it that he wanted you to confirm?

Mr. BOTELER. My recollection is that he said that he saw on their bulletin board something about a peace note, or situation; I do not

remember whether he said "note" or not. He said, "Have you got anything in confirmation?" I looked on our bulletin board and saw nothing, and I told him I did not know anything. He said, "I want to confirm it if I can."

Mr. WHIPPLE. Was that at a time before you had heard anything about a peace note of the President?

Mr. BOTELER. I did not know a thing about a peace note.

Mr. WHIPPLE. And what he said was—although I understand you have not a clearly articulated idea of it—but it was something about a peace note or peace movement?

Mr. BOTELER. Peace movement, something like that.

Mr. WHIPPLE. Now, did he say he had seen it on the bulletin board at Connolly's?

Mr. BOTELER. My recollection is that he saw it at Connolly's office.

Mr. WHIPPLE. It may have been that they told him something about it?

Mr. BOTELER. He may have overheard it, but my recollection is that he saw it.

Mr. WHIPPLE. And he asked you if you had any news confirming it?

Mr. BOTELER. Yes, sir.

Mr. WHIPPLE. And you said, "Nothing?"

Mr. BOTELER. Yes, sir.

Mr. WHIPPLE. Can you remember that later that day or the next day you did see the publication of a so-called peace note by the President of the United States?

Mr. BOTELER. Several days afterwards I remember there was a peace note.

Mr. WHIPPLE. Can you remember how many days afterward?

Mr. BOTELER. No, sir; I can not recall.

Mr. WHIPPLE. I understand you so say—or at least you told me this morning over the telephone—that your mind was not entirely distinct as to details, but you remembered his inquiry about a peace note or movement, that he had gotten some information from Connolly and wanted to confirm it?

Mr. BOTELER. That is right.

Mr. WHIPPLE. And you could not confirm it because you knew nothing about it?

Mr. BOTELER. I knew nothing about it.

Mr. WHIPPLE. Could you tell the time of day when he was in and asked about it?

Mr. BOTELER. When he was in and asked me about it?

Mr. WHIPPLE. Yes.

Mr. BOTELER. I have not the slightest recollection, either the time of day or the date.

Mr. WHIPPLE. Or whether it was forenoon or afternoon?

Mr. BOTELER. No. I have not the slightest recollection.

Mr. WHIPPLE. That is all.

Mr. BENNET. Was there any general rumor in Edwards & Co. on December 20 that the President was going to deliver a peace note on the succeeding day?

Mr. BOTELER. I do not recall any.

Mr. BENNET. That is all.

The CHAIRMAN. You can stand aside.

TESTIMONY OF MR. BRUCE E. CLARK.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name, Mr. Clark?

Mr. CLARK. Bruce E. Clark.

Mr. WHIPPLE. What is your business or occupation?

Mr. CLARK. I am in the life insurance business.

Mr. WHIPPLE. Where?

Mr. CLARK. In Washington.

Mr. WHIPPLE. You are a resident of Washington?

Mr. CLARK. Yes.

Mr. WHIPPLE. How long have you been a resident?

Mr. CLARK. Since 1912.

Mr. WHIPPLE. And where did you live before that?

Mr. CLARK. I was born in Illinois and I lived in Colorado for seven years—for six years.

Mr. WHIPPLE. And you have been in the life insurance business here for some time—five years?

Mr. CLARK. Well, no, sir; three years.

Mr. WHIPPLE. Three years?

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. Where do you reside in Washington?

Mr. CLARK. 2219 California Street.

Mr. WHIPPLE. Where is your office?

Mr. CLARK. In the Southern Building.

Mr. WHIPPLE. You have been referred to in the record thus far as a brother-in-law of Mr. R. W. Bolling.

Mr. CLARK. We are not brothers-in-law. His wife and my wife are sisters.

Mr. WHIPPLE. You married sisters?

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. So you have known him for some time?

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. Do you remember of any occasion when you were present at an interview between Mr. Bolling and one of his employees?

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. Will you state to the committee your memory of it, stating first if you recollect when it occurred?

Mr. CLARK. It was last Wednesday afternoon, I think—well, I think it was last Wednesday; that is of last week. At any rate, it was the day after Mr. Connolly testified before the committee.

Mr. WHIPPLE. Did you know what Mr. Connolly had testified to at the time?

Mr. CLARK. I had only read it in the papers.

Mr. WHIPPLE. Yes. Now proceed.

Mr. CLARK. I was sitting in the office looking over the board to see how the market closed. It was about 3.15. Mr. Bolling called Mr. Roper and said, "Mr. Roper, did Mr. Essary give you any information?" And Roper said, "Yes, he did, and I sent it." That was all.

Mr. WHIPPLE. Was that all the conversation?

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. Had you talked with Mr. Bolling before that with reference to the subject matter as involving his firm, and perhaps himself?

Mr. CLARK. No, sir; I did not. I was very careful not to.

Mr. WHIPPLE. It has been said you were a customer of the firm.

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. Is that true?

Mr. CLARK. Yes, in a small way.

Mr. WHIPPLE. Now, if you have no objection to stating it, I think the committee would be interested to know whether on December 20 or in any of the preceding days, you made short sales of any stock?

Mr. CLARK. I was not in the city on those dates.

Mr. WHIPPLE. Then your reply is that you did not make short sales?

Mr. CLARK. No, sir; I did not.

Mr. WHIPPLE. Were you then carrying any stock which had been sold short?

Mr. CLARK. No, sir.

Mr. WHIPPLE. What had been your habit, if you had acquired one, with regard to selling the market short? Had you ever done it?

Mr. CLARK. I never have acquired such a habit.

Mr. WHIPPLE. Had you ever sold shares short, as the term is?

Mr. CLARK. I think I sold Steel short a year ago.

Mr. WHIPPLE. Had you during the year 1916?

Mr. CLARK. I think I sold a little Utah short about the 13th of December, and I got burned on it.

Mr. WHIPPLE. What do you mean by burned?

Mr. CLARK. It went up on me and I covered it.

Mr. WHIPPLE. At a loss?

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. When did you cover it?

Mr. CLARK. I think I covered it the same day, on the 13th.

Mr. WHIPPLE. How many shares?

Mr. CLARK. 100 shares.

Mr. WHIPPLE. How much did you lose?

Mr. CLARK. I think I lost about \$125.

Mr. WHIPPLE. That was on the 13th of December?

Mr. CLARK. I think it was on the 13th. I do not know.

Mr. WHIPPLE. Would you mind telling the committee of any other activity on what is called the short side of the market during December?

Mr. CLARK. I think that is the only transaction of that kind that I made.

Mr. WHIPPLE. Did you deal in Steel at all during December? Was there any Steel on your account?

Mr. CLARK. I think there was.

Mr. WHIPPLE. How much do you think?

Mr. CLARK. I think up until the 13th I had some 200 or 300 shares. I am not certain.

Mr. WHIPPLE. When did you sell it? If you would rather get it accurately from your accounts, I think the committee would rather have it in some accurate statement.

Mr. CLARK. I do not hesitate to show my accounts to the committee.

Mr. WHIPPLE. Do you happen to have them?

Mr. CLARK. No.

Mr. WHIPPLE. I think we would prefer, if it is possible, if the committee think that it ought to be a matter of record, they will notify you and listen to any objection, if you have any.

The CHAIRMAN. Mr. Whipple, I think we will have that when the clerk comes.

Mr. WHIPPLE. Very well. If it has been inspected, then I do not need to ask anything further about it.

Did you sell the Steel that you were carrying on any information that you had with regard to the prospects of peace or the President issuing a peace note?

Mr. CLARK. I think I closed my account, or the greater part of it, with the exception of some Chesapeake & Ohio shares that I was carrying, on a rumor that Germany had issued a peace note of some sort.

Mr. WHIPPLE. I see.

Mr. CLARK. It was about the 13th or 14th of December. I think.

Mr. WHIPPLE. That is, you sold stocks that you were carrying on that rumor?

Mr. CLARK. Yes, sir.

Mr. WHIPPLE. And you were only carrying Chesapeake & Ohio after that?

Mr. CLARK. Until—I think that was all I was carrying.

Mr. WHIPPLE. Well, I will ask you if you sold any stocks or closed any accounts in which you were interested because of advance information that the President of the United States was about to issue a peace note?

Mr. CLARK. No, sir; I did not. I was not trading at that time. I was in Chicago.

Mr. WHIPPLE. When did you go to Chicago and when did you return?

Mr. CLARK. I left Washington on the 15th of December—I think it was the 15th. I was summoned there on account of the serious illness of my father, and I remained until the 4th of January.

Mr. WHIPPLE. I see. So you were not here during the period of time in which we are inquiring?

Mr. CLARK. No, sir.

Mr. WHIPPLE. That is all.

Mr. LENROOT. How long have you been dealing in stocks, Mr. Clark?

Mr. CLARK. I think about a year.

Mr. LENROOT. Before the organization of the firm of Connolly & Co. with what brokers did you do business?

Mr. CLARK. I opened an account first with Harriman & Co., and then I moved to Edwards & Co., and in August I moved my account to Connolly & Co.

Mr. LENROOT. I will show you for your own inspection—I do not care to have it marked, because I do not care to have it go into the record—to refresh your recollection whether that is a statement of your stock transactions during the period named?

Mr. CLARK. This No. 3 looks like it might be my account.

Mr. LENROOT. That has been given to the committee as being your account.

Mr. CLARK. Yes, sir.

Mr. LENROOT. And I wish now you would state whether that is an accurate statement of it.

Mr. CLARK. I think it is. I can verify it.

Mr. LENROOT. Well, I do not care about that. I merely wish to ask you next whether or not that shows that you did not sell short, but that you were long?

Mr. CLARK. Yes, sir.

Mr. LENROOT. That shows transactions of something like 1,000 shares during that period?

Mr. CLARK. Yes, sir.

Mr. LENROOT. Now, Mr. Clark, in your stock transactions were you acting solely and only in your own interest?

Mr. CLARK. Yes, sir.

Mr. LENROOT. No one had any interest, direct or indirect, with you in your transaction?

Mr. CLARK. No, sir.

Mr. LENROOT. Nor furnished you money with which to conduct transactions?

Mr. CLARK. No, sir.

Mr. LENROOT. I think that is all.

Mr. HARRISON. Mr. Lenroot, what do you mean by "during that period"?

Mr. LENROOT. From the 7th of December until what time?

Mr. CLARK. The 15th is the last time on here.

Mr. LENROOT. You say you went to Chicago about that time?

Mr. CLARK. I left Washington, I think it was, on the 15th. It may have been the 14th. I know I arrived in Chicago Saturday morning, whatever day that was.

The CHAIRMAN. Any other questions? You are excused.

TESTIMONY OF MR. W. B. HIBBS.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Hibbs, will you give your full name?

Mr. HIBBS. W. B. Hibbs.

Mr. WHIPPLE. Where do you reside?

Mr. HIBBS. In Washington.

Mr. WHIPPLE. Your business or occupation?

Mr. HIBBS. Broker.

Mr. WHIPPLE. How long have you followed that business?

Mr. HIBBS. About 25 years.

Mr. WHIPPLE. Where?

Mr. HIBBS. Washington.

Mr. WHIPPLE. Are you a lifelong resident of Washington?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. And has this covered the full period of your business activities here?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. I mean the stock brokerage business.

Mr. HIBBS. Practically; yes, sir. As a small boy I went into business. I established a firm before I was 19.

Mr. WHIPPLE. And was that in some other business?

Mr. HIBBS. In this business.

Mr. WHIPPLE. In this business?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. So that continuously in all these years you have conducted this stock business in Washington?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Where is your office?

Mr. HIBBS. In the Hibbs Building, on Fifteenth Street.

Mr. WHIPPLE. Who are the members of the firm, or who were in December last?

Mr. HIBBS. Mr. Spaid is the only other member. Mr. W. W. Spaid.

Mr. WHIPPLE. How do you divide the work in connection with your business? I merely want to know who takes care of the financial end and who takes care of your customers and meets them and knows them?

Mr. HIBBS. Mr. Spaid is the most active man. He stands at the front window and has charge of the security vaults and meets everybody that comes in. I have a general supervision of all the departments.

Mr. WHIPPLE. Have you a stock exchange seat?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Who is your stock exchange member?

Mr. HIBBS. I am a member of the New York Stock Exchange.

Mr. WHIPPLE. Of the New York Stock Exchange?

Mr. HIBBS. Yes.

Mr. WHIPPLE. I take it you do not execute the orders that you receive on the floor but that you have some wire connection, perhaps with some New York firm or firms?

Mr. HIBBS. I have five different wires to New York; five different firms.

Mr. WHIPPLE. Would you mind telling the committee who those firms are?

Mr. HIBBS. S. B. Chapin & Co., Clark, Childs & Co., E. & C. Randolph, Hutton, Logan & Bryan.

Mr. WHIPPLE. Are those all of them large leased wire houses, as the term goes?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Logan & Bryan is the largest?

Mr. HIBBS. The largest as to the wire system, perhaps.

Mr. WHIPPLE. But perhaps not the largest in their dealings. Which house do you use more than the others, if there is one?

Mr. HIBBS. S. B. Chapin is our principal man. We have with them a direct private wire with no loops. The other wires we are on a system with others.

Mr. WHIPPLE. And are you on a system with others in connection with the Chapin wire as well as your private exclusive wire?

Mr. HIBBS. Well, we can reach all of Chapin's correspondents through other parts of the country after we get to New York, but our wire from New York is a private wire between Washington and New York.

Mr. WHIPPLE. In the case of one firm, they have what they call the southern wire, which connects with other correspondents here and also an exclusive wire to Washington, but your arrangement is not that?

Mr. HIBBS. Not with Chapin.

Mr. WHIPPLE. You have simply a direct wire from Washington to New York?

Mr. HIBBS. Yes.

Mr. WHIPPLE. Is that the one over which you do the largest part of your business?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Now, what is the general character of your business, if you do not mind telling the committee? Is it investment buying or carrying stocks on margin, as it is called, for your customers?

Mr. HIBBS. Well, we do a great deal of both, and the volume is considerable in its total. But the individual accounts in Washington are not very large. There is considerable investment business done, more in the last year or two of buying outright and paying for the certificates than formerly, on account of the much larger margins that have been exacted on account of the erratic movement of the market.

Mr. WHIPPLE. That is, your customers give you orders, you have them executed on the exchange, and order out the certificates, and then your customers pay for them?

Mr. HIBBS. In full.

Mr. WHIPPLE. Or pay for them in advance, and you deliver the certificates to your customers, and that is all you have to do with it?

Mr. HIBBS. With that part of it.

Mr. WHIPPLE. With the margin accounts, on the other hand, you do not order out the certificates. They are carried for you in New York?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. And you make your arrangements with your correspondents there for them to carry the stock for your customers?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. But you are responsible to your customers for the production of their certificates if they desire them?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Now what is your custom or habit, if you have any, with regard to giving information to your correspondents, or any of them, of events transpiring in Washington which are likely to affect the market?

Mr. HIBBS. There is very little of that. The most of our information, and the most of the information that the customer looks for, is New York information. We have a bulletin board and we are receiving telegrams naturally over these various wires continuously from 10 o'clock until 3, and they are posted on the bulletin board and it is rarely that a message goes from Washington to New York. I mean comparatively. We send a summary of what might be news in the event of something special going on in the way of legislation or something like that, to New York. But New York does not get very much out of Washington in the way of news by way of our office. We get considerable from New York.

Mr. WHIPPLE. As I understand, they are constantly sending messages over their wires which you post in your office for the use of your customers?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Coming directly to the 20th of December last, did you send to New York from Washington on that day any messages having to do with the issuance of a peace note by the President or any such thing connected remotely with it?

Mr. HIBBS. Since this inquiry I have found that I have answered an inquiry from New York. I sent nothing voluntarily. I had an inquiry on the afternoon of that day, it seems to me, from one of the wires, and I answered that.

Mr. WHIPPLE. Have you provided yourself with the means for ascertaining here in Washington what is going on that may affect the stock market?

Mr. HIBBS. No, sir. I have had for a great many years some one who is around the Capitol who I could call up and ask questions that might be asked me from my various correspondents, particularly pertaining to the disposition of one bill or another or some measures in Congress that rumors get out about, and they ask me from different parts of the country what I know about it. I have for a great many years kept in touch with some one person whose business it is to be around and gather news, so as to gather the information and answer it for me.

Mr. WHIPPLE. Did you have some one engaged for that purpose in Washington?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Who was he?

Mr. HIBBS. Mr. Messenger.

Mr. WHIPPLE. What is his full name?

Mr. HIBBS. N. O. Messenger. I do not know his full name.

Mr. WHIPPLE. How long has he been employed?

Mr. HIBBS. Mr. Messenger has allowed me that privilege a good many years. I do not know how many years.

Mr. WHIPPLE. Is he a reporter?

Mr. HIBBS. Oh, yes; he is a newspaper man. I do not know whether you would call him a reporter.

Mr. WHIPPLE. What are his assignments? I mean connected with what newspaper or newspapers?

Mr. HIBBS. Mr. Messenger ever since I have known him, I think, has been on The Star staff.

Mr. WHIPPLE. Oh, yes, it is a local paper?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. The Washington Evening Star?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Has he any other connection?

Mr. HIBBS. I think he had some connection at the same time with some news bureaus at New York, or he did have. I do not know whether he had at this time or not.

Mr. WHIPPLE. Was this engagement one for which you paid him a compensation?

Mr. HIBBS. It varied at times. If Congress would adjourn and there was nothing doing, he understood there was nothing to do. If he was put to any expense in consequence of my inquiries, I felt that he should be compensated.

Mr. WHIPPLE. What was the fact in regard to compensation during December?

Mr. HIBBS. Just a nominal sum that was paid him during the session of Congress when he could be called upon and asked questions without annoyance.

Mr. WHIPPLE. That is, during December?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Now, will you inform the committee what was the first that you heard on the 20th with regard to a peace movement or a peace note or anything having to do with peace in connection with any movement of the Executive Department or the State Department in Washington?

Mr. HIBBS. I had not heard or did not pay any attention to anything I had heard, if I did, during the day.

Mr. WHIPPLE. Before I pursue that further, may I ask if you have any representatives at any other departments than what you have stated in regard to Mr. Messenger?

Mr. HIBBS. No; he is the only one.

Mr. WHIPPLE. Do you know whether Mr. Messenger was in the habit of calling at the Secretary of State's office or at the State Department, or whether he had an assignment at the White House, or just what his duties were?

Mr. HIBBS. My impression is that Mr. Messenger was at the Capitol.

Mr. WHIPPLE. At the Capitol?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Well, do you know whether his activities included going to the White House or to the State Department?

Mr. HIBBS. I think not. The Star has other representatives at the White House, and for that reason I would assume that he did not.

Mr. WHIPPLE. Would you object to stating Mr. Messenger's compensation during the month of December?

Mr. HIBBS. My impression is that Mr. Messenger was allowed to draw during the session of Congress when he could be called upon at the Capitol to answer these questions from time to time, probably a hundred dollars a month, not to exceed \$100 a month.

Mr. WHIPPLE. Not to exceed a hundred dollars a month? And at other times, when Congress was not in session, you think that he either received nothing or a nominal amount?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Now, coming back to the 20th. You say that if you did hear anything about a peace movement it did not impress you during the forenoon until you heard something from New York?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. I will ask you, as a broker, whether or not you recognized or realized that a pronouncement by the President of the United States in favor of peace, an offer of mediation, or a communication which he might make to the belligerents, would be a stock-market factor; and if so, which way it would have an influence?

Mr. HIBBS. It would depend very largely upon when such a statement was made, and how. It would depend also very largely upon the condition of the market at the time, and how it was being affected by other conditions.

Mr. WHIPPLE. Now, let me direct your mind back to December 20, as the market conditions and other conditions existed at that time, if you can project your thoughts back to that time. What was your feeling on that day, and a day or two previous, as to the effect on the

stock market of such an announcement by the President of the United States dealing with the question of peace, or obviously intended to promote peace?

Mr. HIBBS. Well, that was common rumor and was generally discussed by people who were conversant with market affairs for a week before December 20.

Mr. WHIPPLE. I quite realize that, but you do not observe my question. My question is as to what effect such an announcement would have had, in your opinion, at that time, and which way?

Mr. HIBBS. It would have been very pronounced, if it was the first intimation of it; but on that day, the reason I did not pay, and would not have paid, any attention particularly to a message of that kind, was that it was rather old.

Mr. WHIPPLE. Perhaps I am not putting it clearly enough. Was it the thought among brokers that anything that tended to promote peace, or the coming of peace, would break the market?

Mr. HIBBS. That would depend upon the condition of the market also.

Mr. WHIPPLE. Well, I say, as of December 20.

Mr. HIBBS. I do not think the peace note on December 20 had anything to do with the market.

Mr. WHIPPLE. And when it was announced the next morning the market went up?

Mr. HIBBS. The market went up the next morning.

Mr. WHIPPLE. After it was announced?

Mr. HIBBS. The same as it did when they announced the break with Germany. The market went up 5 points.

Mr. WHIPPLE. But you noticed it went off during the afternoon of December 20.

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. And you know that the Wall Street Journal said that it was on account of rumors from Washington over private wires in regard to a peace note?

Mr. HIBBS. That is the reason I say, when the general announcement was made, when it became public property, in the press, the market recovered; the market went higher. That is my recollection.

Mr. WHIPPLE. But before the announcement was made, and during part of the forenoon and afternoon of December 20, before the public knew of it, the market went off rapidly?

Mr. HIBBS. It had been going off rapidly for a week. It went off more rapidly on the 14th than the 20th.

Mr. WHIPPLE. It had not been going off very rapidly the 18th and 20th?

Mr. HIBBS. Well, the tendency of the market was down for a week or two, a week or ten days anyway.

Mr. WHIPPLE. Now, you said that you got an inquiry from New York about this matter?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. And according to your best recollection that is the first you heard in regard to the President taking an active hand in issuing a peace note?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Is this the paper, or did you furnish my associate with this?

Mr. HIBBS. One of your representatives came to my office and my partner told him to go into the file room and take anything he found there. I think this is one of them.

Mr. WHIPPLE. You have correctly stated your readiness to give this committee the fullest information you can.

Mr. HIBBS. Yes, sir. All my business is of record and can be had just the same as this was. Your representative went into my file room and took the jackets of the different things mentioned, and I understand this is one of the several messages he took.

Mr. WHIPPLE. That attitude is so commendable that I desire to call the attention of the committee to it.

Mr. HIBBS. This paper is an inquiry from Ben Bryan, of Logan & Bryan, about noon December 20.

Mr. WHIPPLE. How do you fix the date?

Mr. HIBBS. This is a telegram from New York, addressed to W. B. H., signed Ben Bryan, addressed to me by Mr. Bryan, of the firm of Logan & Bryan, who are brokers in New York, with which we have this wire. It was sent at 11.50. It says:

We hear that prominent newspaper men have been notified by the White House to attend conference on Monday for the purpose of promulgating a peace propaganda. Can you verify?

BEN BRYAN.

Mr. WHIPPLE. Mr. Chairman and gentlemen, you remember that was practically what Mr. Sterling, of Logan & Bryan, testified to in New York, that there was a rumor around that on Christmas Day there was to be a gathering of newspaper men to listen to a peace propaganda.

Mr. GARRETT. Mr. MacMillan testified, I believe, that he sent some such message from Chicago?

Mr. WHIPPLE. Yes. We traced it from Sterling finally to MacMillan, and that is where we left it in New York.

Now, having received that, which I understand is the first knowledge that you had on the subject matter which you can reproduce in memory, what did you do, Mr. Hibbs?

Mr. HIBBS. Do you want the answer to that?

Mr. WHIPPLE. Yes, sir.

Mr. HIBBS. The answer reads:

The President receives the newspaper men each Monday, but I can not confirm anything like you state. The best informed ones here state he would not announce it, even though he intended doing it. That is, to promulgate a peace propaganda.

Mr. CHIPERFIELD. What is the hour of that?

Mr. HIBBS. 11.50.

Mr. WHIPPLE. What is the hour of the answer?

Mr. HIBBS. Oh, it was immediate. It went right back the same time.

Mr. WHIPPLE. That is, December 20?

Mr. HIBBS. Oh, no; the answer went back an hour later, 12.54. I beg your pardon. There was evidently some inquiry made, probably through Mr. Messenger. That would be the ordinary course. We would probably call Mr. Messenger over the telephone and ask whether he heard anything. That would have been done in a perfunctory way by one of the clerks. I did not call up Mr. Messenger myself. That is probably the way my office handled it. I did not write the answer to it.

Mr. WHIPPLE. Would the committee like to have that marked as an exhibit?

The CHAIRMAN. I think it should go in the record or should be marked as an exhibit.

Mr. WHIPPLE. The reply starts with the symbols B. B.

Mr. HIBBS. Ben Bryan. It is signed B. B.

Mr. WHIPPLE. That refers to the address?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. And the W. B. H.?

Mr. HIBBS. That is the way that everything that goes out of our office is signed. It is my initials. But Mr. Spaid might have sent it or anybody who called Mr. Messenger, or anybody who had authority to send it.

Mr. WHIPPLE. Could you tell the committee the name of the person who actually sent it?

Mr. HIBBS. I am quite positive Mr. Spaid wrote the answer.

Mr. WHIPPLE. Can you tell the committee what he did in the matter of inquiring as to the facts on which he could base the reply?

Mr. HIBBS. My impression is that he called Mr. Messenger. That would be the natural thing to do.

Mr. WHIPPLE. And he must have called Mr. Messenger between 11.50 and 12.54, within that hour?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Mr. Spaid, I take it, is down at your office now trying to attend to business while you are away?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. What is the wish of the committee as to inquiring a little more specifically of Mr. Spaid as to just where he got this information which was transmitted? And in order to pass upon the proposition I had better read a little more distinctly just what the answer was:

"The President receives the newspaper men each Monday, but I can not confirm anything like you state. The best informed ones here say he would not announce it even though he was intending to do that. That is, to promulgate a peace propaganda."

Apparently inquiries were made and very likely Mr. Messenger could tell who "the best informed ones" were.

Mr. HIBBS. No. I think that is assuming—at least I would assume—that Mr. Spaid in writing that after asking Mr. Messenger, considered that Mr. Messenger was the best informed, from the information that he got; that after asking Mr. Messenger about it, he considered that was the best he could get, because he is very reliable and dependable and has the confidence of public men generally and they have confidence in him.

Mr. WHIPPLE. I think Mr. Spaid's contribution might be helpful. I would like the views of the members of the committee about it.

Mr. BENNET. It is purely negative?

Mr. WHIPPLE. Yes; it is entirely negative; but it might be of value to see who he consulted with. I ought to say this, however, that Mr. Messenger was here prepared to testify this morning, except that he had an imperative engagement at some department, and is coming later in the day to testify. Possibly we might postpone any request of Mr. Spaid until after Mr. Messenger has thrown light on this subject.

The CHAIRMAN. We can get Mr. Spaid in a few moments after you return?

Mr. HIBBS. I think not, Mr. Chairman. I told him that unless I saw some indication of my being kept here—that is, if I could get on the stand early this morning—he could go away on the 11.50 train to Pennsylvania. He could be here to-morrow morning. He would be back in the morning. He could be back by 11 o'clock. He could come here in the morning.

Mr. WHIPPLE. Mr. Hibbs was kind enough to give to the representative of the committee, or permit him to take, a number of bulletins of other dates showing the general character of the matters which his house sent out. Here is one dated on the 21st, one on the 22d, and some other dates that do not readily appear. I think the purpose of the committee would be subserved if they were looked over by the members and you could then arrive at a decision as to whether they ought to be made a part of the record. They show the general character of such information as Mr. Messenger afforded, I think, and that bears upon the general character of his employment.

The CHAIRMAN. These were telegraphed to New York over some of your private wires?

Mr. HIBBS. Yes, sir; it was just given out as a news summary.

Mr. WHIPPLE. While these are being inspected, let me ask you this: Do you remember an occasion when our ambassador to Germany, Mr. Gerard, came to your house to transact some business, either with or at the suggestion of Mr. Secretary Tumulty?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Would you prefer to tell to the committee privately the character of the business, or do you want to tell anything about it?

Mr. HIBBS. I am perfectly willing to tell it to anybody, that or anything else that happened in my office.

Mr. WHIPPLE. Exactly. That has been referred to in the record heretofore, and some comment has been made upon it. I suggest, if you have no objection, that you tell the committee all about it.

Mr. HIBBS. I had a telephone call from Mr. Tumulty one morning, well, about noon, because it referred to lunch, and he asked me if I would not come over to the Shoreham for lunch and meet Mr. Gerard. I said no, that I would not do that. He said:

Well Mr. Gerard is going back to New York to-morrow or to-night, and he has to sail on Tuesday morning, if possible, and he has some business, some bonding business to attend to, and it would facilitate him somewhat if he could see you and talk to you about it so as to get the matter under way before he got over to New York, so that he could be through in time to sail on Tuesday morning.

It was not a transaction, it was more of an inquiry, so that he could attend to his business before he got to New York. I said that under the circumstances I would prefer to have Mr. Gerard come to my office if he wanted to do it, that I did not feel like going to the hotel to talk about it. So Mr. Tumulty said, "We will be over after lunch." That was the first visit that Mr. Tumulty had ever made to my office, and the last. Mr. Gerard stayed there in my private office with Mr. Tumulty for probably 15 or 20 minutes, possibly half an hour, and I found out what he wanted. I did some telegraphing for him, and I put several members of my New York house at his disposal to facilitate the ambassador when he arrived in New York the next day. I had no business with him, however. I helped him to do what

he wanted to do with his own bankers in New York, or brokers in New York. I understand he did sail on the following Tuesday morning.

Mr. WHIPPLE. Now, a gentleman by the name of Regan, Mr. James B. Regan, of New York City, has been mentioned either in the record or otherwise as having had a transaction through your house? What do you say about that?

Mr. HIBBS. He has. I know him. But very seldom and not since this peace propaganda was on the carpet. The last transaction I had with him was in November, and that was just an opinion. He was down here after election and he made one trade while he was here and sold it out through his New York house when he got back. I had no open account with Mr. Regan, and I never had.

Mr. WHIPPLE. How was he introduced to your New York house?

Mr. HIBBS. Oh, I had known him for years.

Mr. WHIPPLE. So that he was known up there?

Mr. HIBBS. Yes, sir.

Mr. WHIPPLE. Was that the only transaction within the year?

Mr. HIBBS. It is the only one within probably six months. I think he was down here probably in the summer and made a similar transaction. I was not here. I was in New York at the time he was down here. He made a transaction while he was here and probably gave up his New York brokers for it.

Mr. WHIPPLE. If the committee approve, I will have this Bryan communication of inquiry and the reply marked as an exhibit.

The CHAIRMAN. Yes.

Mr. WHIPPLE. Has the committee any direction in regard to these other papers? Have you seen them, Mr. Bennett?

The CHAIRMAN. Do you want them marked as exhibits?

Mr. WHIPPLE. I think possibly they ought to be within the control of the committee, but I had some doubt as to whether they ought to be made a part of the record.

The CHAIRMAN. Then that will be the order.

(The paper referred to is marked Exhibit, Hibbs, No. 1.)

Mr. WHIPPLE. Mr. Hibbs, the committee requested in New York of all the principal brokers there certain specific information as to their customers and people who dealt in the market, especially during this period of the week of the 18th of December, and it has been suggested that they would like the same information from the Washington brokers. This involved giving a list of all the customers that were on your books covering a particular period, a part of the inquiry being to find out how any people in the Government or official life who might have had advance information and controlled their stock market activities in that way. Would you have any objecting to furnishing that information?

Mr. HIBBS. I am covered by that demand from the New York Stock Exchange by agreement with this committee. I am a member of the New York Stock Exchange and received notice from them to furnish such information.

Mr. WHIPPLE. And have you sent in that information?

Mr. HIBBS. I have it prepared. You are, of course, familiar with the kind of statement that came before the clearing house committee. The first would have taken six months to prepare. The second was a little better, and the last one, the third, is much easier

to prepare, and will undoubtedly cover everything and anything that this committee could possibly be benefited by. For instance, you say you want all names. I have nearly a thousand open accounts in my office and it would not be of the slightest use to this committee to have any of them in my case and in any case. One per cent of them would not throw the slightest light on any account. Now, if we had to make a trial balance as of the date of all our accounts it would take us——

Mr. WHIPPLE (interposing). That is all waived.

Mr. HIBBS. That is all out now?

Mr. WHIPPLE. Yes.

Mr. HIBBS. Now, you bring it down to this question of an account that would amount to a thousand shares in one day. You would not want to wade through an office with odd lots of a hundred shares or less.

Mr. WHIPPLE. That has all been arranged, Mr. Hibbs.

Mr. HIBBS. That is right. I am trying to tell you——

Mr. WHIPPLE (interposing). That was arranged before we left New York.

Mr. HIBBS. Now, your last inquiry calls for transactions of a thousand shares or more, and that between certain dates, which could only be of service to you; you would not want to go back and get things prior to this time. I have that and could furnish it to this committee here without going back through the clearing house or the stock exchange, with their permission, and would be glad to show it to you. I have not got it with me now. It is very simple and small. There were no shorts in it, and there were only five or six of them which had transactions to the amount of 1,000 shares or more in a day. I think most of our business in Washington is not of the thousand-share orders.

Mr. WHIPPLE. The committee desires the names of the customers, whether they had a thousand shares or not, so that they might know the names of the people who were trading, in order to match them up with the possibility of advance information. That is to be strictly in confidence, purely for the use of the committee.

Mr. HIBBS. What could be the advantage to this committee if they do not want the account of somebody that had a transaction in 10, 15, or 20 shares of stock that they bought outright and paid for?

Mr. LENROOT. Of course, if the committee found such a name, they would then ask for the account later.

Mr. WHIPPLE. Mr. Chairman and gentlemen, the representatives of the State Department have arrived. I promised that we would suspend the examination of any witness—and I am sure the committee will approve—in order that they might not be kept too long from their duties at the State Department.

The CHAIRMAN. Do you not think we had better have an understanding with Mr. Hibbs at this time?

Mr. LENROOT. It would only take a moment to close up this proposition on this one point.

Mr. WHIPPLE. I think we could just as well reach it later, but if the committee desires to——

Mr. CHIPERFIELD. I think if Mr. Whipple has said to these gentlemen that he would proceed with them instantly upon their arrival, we had better let them come on now.

Mr. HIBBS. I would like to get away now and come back, say in an hour. It is 20 minutes to 12 now.

The CHAIRMAN. Counsel may notify you about it.

Mr. HIBBS. I understand, but I did not want to stay here myself unnecessarily. I am perfectly willing to yield to these gentlemen.

Mr. WHIPPLE. Go right ahead, Mr. Hibbs.

Mr. HIBBS. Would it be this afternoon?

Mr. WHIPPLE. We will send word.

Mr. HIBBS. Then I need not come until I hear from you.

The CHAIRMAN. Who is your next witness?

Mr. WHIPPLE. Mr. Polk.

TESTIMONY OF MR. FRANK L. POLK.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name?

Mr. POLK. Frank Lyon Polk.

Mr. WHIPPLE. Will you state your connection with the State Department?

Mr. POLK. Counsellor for the State Department is my official title.

Mr. WHIPPLE. How long have you held that office?

Mr. POLK. Since September 16, 1915.

Mr. WHIPPLE. You are counsellor, then, to the Secretary of State, having to do with state messages, that are sent out?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. Now, you know that your chief, Mr. Secretary Lansing, has appeared before this committee and made some statement with regard to what has gotten to be called a peace note of the President, which was issued to the newspapers on the morning of December 21?

Mr. POLK. Yes, sir.

Mr. BENNET. At 5 o'clock in the afternoon?

Mr. WHIPPLE. Well, it was published then, but it was issued to the reporters at 5 o'clock on December 20. Mr. Secretary Lansing stated your connection with and knowledge of the note.

Mr. POLK. Yes, sir.

Mr. WHIPPLE. May I ask you to state to the committee when and under what circumstances you were first apprised with regard to it or saw the note?

Mr. POLK. Going on with the Secretary's statement, which was Monday, the 18th, sometime after 4 o'clock, I think, and I am not quite sure of the time, but it was in the afternoon, he called me in and read me this draft of the note.

Mr. WHIPPLE. Who were present?

Mr. POLK. I think Mr. Woolsey.

Mr. WHIPPLE. And his official connection is what?

Mr. POLK. He is one of the assistant solicitors.

Mr. WHIPPLE. Then he is your immediate subordinate?

Mr. POLK. No. He works immediately under Mr. Lansing. He has another title which I do not recall at the moment, but he was an assistant.

Mr. WHIPPLE. Just the three of you were present in the office of the Secretary of State?

Mr. POLK. That is all I recall.

Mr. WHIPPLE. The Secretary read the paper to you two gentlemen?

Mr. POLK. That is my recollection; yes, sir.

Mr. WHIPPLE. Now, did you see the paper then or at any time thereafter?

Mr. POLK. I think I saw it then.

Mr. WHIPPLE. Will you describe it.

Mr. POLK. My recollection is that it was—I intended to look at it this morning but forgot to do it. My recollection is that it was on small paper, not the full-sized pad paper, written in the——

Mr. WHIPPLE (interposing). About the size of the paper on which these hearings are printed?

Mr. POLK. A little smaller than that, and typewritten, apparently by the President himself.

Mr. WHIPPLE. Are you familiar with the text of the typewriter the President uses?

Mr. POLK. Yes, sir; I am.

Mr. WHIPPLE. So that you can——

Mr. POLK (interposing). It is quite different from any other.

Mr. WHIPPLE. So that you know the papers that come from that typewriter?

Mr. POLK. Yes; the size of the paper is different and the script.

Mr. WHIPPLE. At this point may I ask you, if you think it within the proprieties, how were confidential communications sent to and received from the White House and to and from the Department of State?

Mr. POLK. When we are sending strictly confidential communications to the President, they are sent to the White House door proper, not the Executive Offices, and delivered usually to the head usher in person.

Mr. WHIPPLE. And he delivers them to whom?

Mr. POLK. He delivers them to the President.

Mr. WHIPPLE. In the White House?

Mr. POLK. In the White House proper.

Mr. WHIPPLE. In the President's study or workroom in the White House?

Mr. POLK. Well, that I do not know.

Mr. WHIPPLE. And they are received from——

Mr. POLK (interposing). They are usually received from one of the ushers from the White House proper.

Mr. WHIPPLE. And they do not go through the Executive Offices?

Mr. POLK. No.

Mr. WHIPPLE. As to this particular manuscript, have you personal knowledge or information?

Mr. POLK. I have information. I have not the personal knowledge.

Mr. WHIPPLE. Will you give your information as to how it was brought to the Department of State?

Mr. POLK. It was brought to the Department of State by one of the ushers.

Mr. WHIPPLE. And that is?

Mr. POLK. By Mr. Hoover, connected with the White House proper. It comes under the President's seal, and usually in a large linen envelope, sealed in three places.

Mr. WHIPPLE. Brought by the usher of the White House, and not the Executive offices.

Mr. POLK. Not the Executive offices.

Mr. WHIPPLE. So the messenger comes from the residence of the President, and not from the Executive office?

Mr. POLK. Exactly.

Mr. WHIPPLE. And this message came that way?

Mr. POLK. It was delivered by Mr. Hoover.

Mr. WHIPPLE. And thus sealed?

Mr. POLK. Yes, sir; with three seals, usually.

Mr. WHIPPLE. Of course, before it left the White House? With that digression, if you will now go on, I will ask you—and we are going into it with some detail, and I hope not too much—did you see the envelope in which this came?

Mr. POLK. No; it had been opened.

Mr. WHIPPLE. Very well. Now, if you will proceed. It was read to yourself as the counselor of the department and Mr. Woolsey. Then what was done?

Mr. POLK. Then arrangements were made for having it typewritten on what we call the green telegraph blanks. Those are the official blanks on which all telegrams are sent out from the State Department.

Mr. WHIPPLE. And that involved copying from the President's personal note a copy or copies to be given to somebody else?

Mr. POLK. Yes. My recollection is that there were slight variations. For instance, one group was to be sent to the central powers; one group to the allied powers, and another group to the neutrals. There were slight variations in the text, purely formal, so it was necessary to make three copies.

Mr. WHIPPLE. Will you describe just how that transcription was done?

Mr. POLK. That is more or less on hearsay. It was discussed there and the carrying out as to details was done by Mr. Woolsey and Mr. Sweet. Mr. Sweet is the Secretary's confidential stenographer. The arrangement was that my confidential stenographer should be used, Mr. Sweet and one other, and they would make the copies. That was done. My next actual contact with it came, I think, between 6 and 7, nearly 7 o'clock, when the telegrams were brought in to me for signature.

Mr. WHIPPLE. These stenographers had made three copies of the President's note?

Mr. POLK. Two or three. My recollection is three.

Mr. WHIPPLE. And there were three gentlemen who did it?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. Three stenographers?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. It was arranged that Mr. Sweet, who is the confidential clerk of the Secretary's—

Mr. POLK (interposing). Yes, sir.

Mr. WHIPPLE. Who were the other two gentlemen?

Mr. POLK. Mr. Howell, my stenographer, and the man who is in the room with Mr. Sweet, whose name I do not recall.

Mr. WHIPPLE. And where did those three gentlemen go about their task?

Mr. POLK. Two of them, Mr. Sweet and the other man, worked in the room just across from the Secretary of State, across the hall where all of that work is done. My man, Mr. Howell, worked in the little room immediately off mine.

Mr. WHIPPLE. And as far as you know no one else was in the rooms with them?

Mr. POLK. No.

Mr. WHIPPLE. That was the evening of December 18?

Mr. POLK. December 18.

Mr. WHIPPLE. Or at least before 7 o'clock?

Mr. POLK. Yes.

Mr. WHIPPLE. Because you saw the three copies at——

Mr. POLK (interposing). I signed them before 7 and left the department.

Mr. WHIPPLE. Have you given the names of the three stenographers? It does not make much difference.

Mr. POLK. Yes. I said Mr. Sweet and Mr. Howell, and the third, whose name I can not recall.

Mr. WHIPPLE. Mr. Vestal?

Mr. POLK. Yes, sir; that is right.

Mr. WHIPPLE. And he is Mr. Sweet's assistant?

Mr. POLK. Yes, sir; he is Mr. Sweet's assistant.

Mr. WHIPPLE. Those two gentlemen, as I understand it, were together in one room?

Mr. POLK. In one room.

Mr. WHIPPLE. Just in the room opposite that of the Secretary of State?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. Mr. Howell, who is your stenographer, worked and did his operation of it in a little room immediately off your room?

Mr. POLK. Immediately off my room; yes.

Mr. WHIPPLE. Then the three copies, as I understand, were brought to you for your signature?

Mr. POLK. By Mr. Woolsey.

Mr. WHIPPLE. And those had then been assembled?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. I mean the separate work of the three stenographers had been grouped, so there were three complete sets?

Mr. POLK. There were three complete sets. The telegrams were brought in by my stenographer. I signed the Secretary's name to them.

Mr. WHIPPLE. That is, they were then on blanks ready to be cabled?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. And it was Mr. Woolsey who had superintended the distribution of the manuscript of the President?

Mr. POLK. Yes.

Mr. WHIPPLE. And he had either assembled and grouped, or superintended the assembling and grouping of the separated manuscript?

Mr. POLK. Yes.

Mr. WHIPPLE. Where was the President's note at the time the three copies—when I am speaking of the President's note I mean that original which was to be transcribed by these stenographers?

Mr. POLK. The copies we made from the President's note?

Mr. WHIPPLE. Yes, but when the three copies that were made of the President's note were brought back to you, where then was the President's note from which the copies had been made?

Mr. POLK. In the possession of Mr. Woolsey. He had the custody of it.

Mr. WHIPPLE. And did you see it when he brought it back?

Mr. POLK. No.

Mr. WHIPPLE. And it was restored to his custody in its assembled form by the stenographers from whom he had taken it up?

Mr. POLK. So I understood; yes, sir.

Mr. WHIPPLE. Now, do you know, Mr. Polk, yourself, or can you suggest any possibility of anybody having seen the President's original note or the copies up to that time, except Mr. Woolsey and the three stenographers?

Mr. POLK. No; I do not see how that would have been possible.

Mr. WHIPPLE. Then, as I understand, you signed in behalf of the State Department——

Mr. POLK (interposing). The three notes.

Mr. WHIPPLE. One to the allies?

Mr. POLK. I think there were three. I am not sure whether there were three or two, but there was more than one.

Mr. WHIPPLE. Now, those were to be transmitted to the telegraph office, and will you state who attended to that and what was done?

Mr. POLK. This is merely from experience and not from actual knowledge of this particular case.

Mr. WHIPPLE. Yes.

Mr. POLK. Mr. Woolsey turned these three telegrams over to Mr. Salmon, the head of the Index Bureau, for coding. That was unusual. Usually even confidential messages are sent direct to the telegraph room and the coding is done there by the men in the telegraph room. In this instance it was turned over to Mr. Salmon, and he was directed to code it and turn it over to the telegraph room completely coded.

Mr. WHIPPLE. Did he have the three copies for that purpose?

Mr. POLK. Yes.

Mr. WHIPPLE. Who took them to Mr. Salmon?

Mr. POLK. I imagine Mr. Woolsey.

Mr. WHIPPLE. They were not intrusted to a messenger?

Mr. POLK. Oh, no; I am sure of that.

Mr. WHIPPLE. But Mr. Woolsey took them himself, still having possession of the President's original note, which was not handed over?

Mr. POLK. I assume that was put in the Secretary's safe at once.

Mr. WHIPPLE. Now, in the ordinary course Mr. Woolsey would have gone to the safe of the Secretary and put that original document in there?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. We can ask Mr. Woolsey about that, whether it was then locked or not, but what is the habit about that?

Mr. POLK. It is always kept locked.

Mr. WHIPPLE. Then there were outstanding and accessible, outside of the safe, these three notes which were in the hands of Mr. Salmon for coding purposes?

Mr. POLK. Yes.

Mr. WHIPPLE. Do you know his assistants? Have you the names of them?

Mr. POLK. I do not know the names of his assistants. I understand that he had one assistant that night, but I am not sure if he had anyone to assist him or not.

Mr. WHIPPLE. And that work consisted in translating into cipher these three manuscripts which were in his possession?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. What then was done with these three manuscripts when Mr. Salmon had coded them?

Mr. POLK. As to that I can not say positively. I assume they were sealed up and returned to the Secretary's office the next morning, but that I do not know.

Mr. WHIPPLE. It has been testified, I think, that Mr. Salmon did not complete his labors until the early hours of the morning?

Mr. POLK. Two or 3 o'clock in the morning, I understand.

Mr. WHIPPLE. Of Tuesday, and we shall have to ask Mr. Salmon who was with him during these hours that he was working on it.

Mr. POLK. Yes, sir.

Mr. HARRISON. Mr. Lansing said Mr. Bean was there.

Mr. WHIPPLE. Yes; but I understand that it is approved by the State Department that the successive gentleman who dealt with it make their statements to the committee in the order of the chronology of their handling the message?

Mr. POLK. Any way that it will be convenient.

Mr. WHIPPLE. When did you again see, if you did see again, either the presidential note—and I speak of that as the original—and the copies which were made for the purpose of handing to Mr. Salmon?

Mr. POLK. I do not think I have ever seen them again.

Mr. WHIPPLE. But in the ordinary course, you say, those would be sealed up by Mr. Salmon?

Mr. POLK. As Mr. Salmon in this particular case was told to use unusual care, I do not know how he handled it. In the usual course these telegrams are sent direct to the telegraph room and they do the coding, and they return the message to whichever bureau it may have come from, but in this case they used a different procedure.

Mr. WHIPPLE. And Mr. Salmon can tell us that?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. But in the ordinary course he would send the code and the coded messages to the telegraph operators?

Mr. POLK. In the ordinary course he does not code it at all.

Mr. WHIPPLE. But you would expect him in this case—I will not ask you to go into that, because we can get all of that directly as to what was done with it. When the copies of the President's note were sent back to Mr. Woolsey, what, in the ordinary course, would he do with those?

Mr. POLK. You mean the typewritten copies which were made for coding?

Mr. WHIPPLE. Yes.

Mr. POLK. I would say that he would put those either in his safe or the Secretary's safe.

Mr. WHIPPLE. Then, there would be left outstanding only the code messages that went to the telegraph office?

Mr. POLK. Yes.

Mr. WHIPPLE. Now, you spoke of the telegraphers ordinarily themselves coding such messages as came to them for transmission. Therefore, they would be able to study out and understand the code messages which they received; or what is the fact of that?

Mr. POLK. It would be a little difficult. Of course, they have been doing so much of that that it would be possible for them to sit down and probably pick out some of the more usual words. They have been doing it so often. But this was what we call our green code, as I recall it; the most secret code. I do not think that they could get very much from that, although I am not so sure.

Mr. WHIPPLE. It would depend upon the experience that they had and the time that they put to it?

Mr. POLK. The time they had to study it; yes.

Mr. WHIPPLE. Then, after they had telegraphed these three messages and all the duplicates——

Mr. POLK (interposing). Excuse me just a moment.

Mr. WHIPPLE. Yes.

Mr. POLK. My recollection is that it was not sent from our telegraph room. This particular message was not sent from our telegraph room. It was sent to the telegraph room merely to be transmitted by the telegraph room to the telegraph office and sent direct from the telegraph office. That you could find out from Mr. Salmon. My recollection is that they sent the message to the telegraph room after it was in code merely for the purpose of sending it to the telegraph office.

Mr. CHIPERFIELD. Down town?

Mr. POLK. Down town; yes.

Mr. WHIPPLE. What, in the ordinary course, would become of those coded messages from which the cables were sent? Would they keep them on file, or would they be returned?

Mr. POLK. I think in this case they sent the only copies of the messages they had direct to the telegraph office.

Mr. WHIPPLE. Then what would the telegraphers do after they had finished dispatching them?

Mr. POLK. The Western Union or Postal?

Mr. WHIPPLE. Yes.

Mr. POLK. I imagine they would keep it for their files.

Mr. WHIPPLE. Then there would remain in the files of the telegraph offices the text of the coded messages?

Mr. POLK. That is our understanding.

Mr. WHIPPLE. And if anyone there were familiar with the code that was used, you think, with difficulty, however, they could have studied certain parts of it?

Mr. POLK. I would not like to believe that anyone was familiar with the code.

Mr. WHIPPLE. That is an enlightening suggestion. I did not know that the gentleman there——

Mr. POLK (interposing). I am quite sure—that is, we hope not—not the Western Union and Postal. They do not know it.

Mr. WHIPPLE. So that you feel safe, so far as secrecy is concerned, having the coded message stay on file in the telegraph office?

Mr. POLK. Yes.

Mr. WHIPPLE. If the three messages from which the code messages were taken went back into the safe, then what went to the Printing Department? .

Mr. POLK. Now, again, I am speaking merely from information. On Tuesday the head of the Bureau of Information was sent for, Mr. James.

Mr. WHIPPLE. By whom?

Mr. POLK. By Mr. Woolsey.

Mr. WHIPPLE. Go ahead.

Mr. POLK. Sometime late in the afternoon, and he was then given the text of these messages.

Mr. WHIPPLE. That is, the three copies?

Mr. POLK. The three, as I understand; I think so. That I am not sure of, whether he gave him the three, or just one. I think probably one, but as to that Mr. Woolsey can testify.

Mr. WHIPPLE. You have no knowledge personally, Mr. Polk, of the actual facts with regard to the transmission of these messages to the Printing Office?

Mr. POLK. No; as a matter of fact, I knew nothing——

Mr. WHIPPLE (interposing). Or what was done there?

Mr. POLK (continuing). After I signed it.

Mr. WHIPPLE. You would prefer to have those who handled it chronologically testify later as to that?

Mr. POLK. Anything that the committee wishes.

Mr. WHIPPLE. I think that the committee will feel from your information and knowledge that it is perfectly reliable.

Mr. POLK. I am quite sure, after the one or two messages or copies were given to Mr. James, he went over with Mr. Woolsey—Mr. James and Mr. Woolsey went over the text. Then they left the department at 6 o'clock. Mr. James took the copies down to the printer's office. This was on Tuesday, the 19th, and left it at the printer's office. The next morning it was returned to me at 9 o'clock in the morning, galley proofed. Whether one or two I do not know. He then came back to Mr. Woolsey to have some corrections made in the galley proof, and returned it to the Public Printer, and the final printed copies were delivered to the department—this part I happen to know—delivered to the department after 4 o'clock on Wednesday the 20th, because it was our intention to deliver copies to some of the diplomatic representatives, and they had been asked to come down at 3.30, and the copies were not there. So that part I happen to know.

Mr. WHIPPLE. Now, during this time there were outstanding, so to speak, four copies of the President's note, the three that had been made and his original; the original was in the safe of the Department of State covering from Monday until after 5 o'clock on Wednesday.

Mr. POLK. Yes.

Mr. WHIPPLE. And to whom during that period of time was the original of the President's note accessible?

Mr. POLK. So far as I know, the Secretary, myself, and Mr. Woolsey, and Mr. Sweet.

Mr. WHIPPLE. You gentlemen had——

Mr. POLK (interposing). Had the combination of the safe.

Mr. WHIPPLE. What is the habit of the Secretary, if I may ask, during the day and when he is there, or when he may step out to luncheon, in respect of leaving that safe door open?

Mr. POLK. I have never found it unlocked. The rule is to keep it locked.

Mr. WHIPPLE. And you have no reason to believe that it was not locked during all of that time so as to make the original of the President's note absolutely inaccessible except to those in authority in the department?

Mr. POLK. I believe it is kept locked all the time; so far as I know.

Mr. WHIPPLE. Therefore, we need not further speak of that, but simply trace the three existing copies down through the hands where they were transmitted from one to another?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. That is all.

The CHAIRMAN. Any questions?

Mr. CAMPBELL. I have one or two. Mr. Polk, would it have been practicable for any one of the stenographers who were making copies of this note about 7 o'clock in the evening to have made an extra copy?

Mr. POLK. Oh, it would have been possible.

Mr. CAMPBELL. That is what I mean. Anyone of them if they had seen fit to do so; could have done that, is that true?

Mr. POLK. It would have been difficult, but of course——

Mr. CAMPBELL (interposing). What would have made it difficult? What precautions were taken?

Mr. POLK. The fact that Mr. Woolsey and Mr. Sweet were both watching the operation all the time.

Mr. CAMPBELL. That is what I mean to inquire into. Was there an oversight—that is, were they watched during the time that they were making these copies?

Mr. POLK. My own feeling would be that it would have been very difficult for a stenographer to have made a copy without either Mr. Woolsey or Mr. Sweet seeing them do it.

Mr. CAMPBELL. Mr. Woolsey and Mr. Sweet are both here and will be able to testify on that?

Mr. POLK. Yes, sir. As to the actual machinery of getting it out I had very little to do.

Mr. LENROOT. With reference to the original note of the President, I assume that blanks were left for the insertion of the names of the belligerent countries?

Mr. POLK. The way we send these notes out usually is to send it to the telegraph office——

Mr. LENROOT (interposing). No; I am speaking of the form of the original note coming from the White House.

Mr. POLK. Have you got a copy of the note there? I do not recollect that.

Mr. LENROOT. It is just the introduction.

Mr. POLK. I think we fix that up in the department.

Mr. LENROOT. You fix that up in the State Department?

Mr. POLK. I think so, although I would not be positive. It seems to me the body of the note is the same absolutely, with the exception of the introduction, and I think the introduction was arranged in the department.

Mr. LENROOT. Now, the purpose of making the three copies was to insert in one the German Government?

Mr. POLK. The central powers.

Mr. LENROOT. And in the others?

Mr. POLK. The entente and the neutrals.

Mr. LENROOT. Only copies went to the neutrals. Is it not probable that the third copy was an exact copy of the President's note with the blanks left in of such memorandum as there would be?

Mr. POLK. I think probably there would have to be a different introduction, but on that Mr. Woolsey and Mr. Sweet have more information than I have.

Mr. LENROOT. All I was getting at is, there would not have been additional copies for the insertion of the Austrian Government?

Mr. POLK. Oh, no. It is sent to the telegraph office, and then there the instructions are, for instance, to forward it to either 41 or 43 different addresses.

Mr. BENNET. It is my recollection, as a New Yorker, that you were occupying the position of corporation counsel of our city at the time Mr. Bryan was Secretary of State?

Mr. POLK. Yes, sir.

Mr. BENNET. And you came into the office after Mr. Lansing had succeeded Mr. Bryan, and succeeded Mr. Lansing in the office which he held under Mr. Bryan?

Mr. POLK. Yes, sir.

Mr. BENNET. As a matter of office tradition or common knowledge, was it ever brought to your attention that Secretary Bryan, during his incumbency, had had reason to believe that information was given out from the State Department?

Mr. POLK. It was never called to my attention. I have heard the story, but I never knew whom he had under suspicion.

Mr. BENNET. You never made any investigation of that fact after you came in?

Mr. POLK. Yes. Not immediately, but I have made investigation.

Mr. BENNET. You have made an investigation?

Mr. POLK. Yes, sir.

Mr. BENNET. Without asking you to disclose any names, did you ever find to your satisfaction through what channel information was escaping, as you might say, while Secretary Bryan was there, and if you did find the channel, do you think to your personal satisfaction that that channel has been closed?

Mr. POLK. Well, that is a difficult question to answer, for this reason: I think we have prevented information getting out that was getting out before, but I think a great deal of that information that got out before was given out more from lack of understanding the seriousness of its passing out than anything else. In other words, they were not guarding carefully enough some diplomatic communications.

Mr. BENNET. Are you willing to leave it in this shape, then, that if there was a violation of confidence in Mr. Bryan's time, you think that you have so checked up affairs around your office that the present administration of that department does not have the same fear that Secretary Bryan had as to the violation of confidence?

Mr. POLK. That is quite true.

Mr. BENNET. Mr. Polk, alluding to one matter which we have just conversed rather privately about, were you present at the dinner at Edson Bradley's on the night of December the 20th?

Mr. POLK. Yes, sir; I was.

Mr. BENNET. And what other officials of the State Department were there?

Mr. POLK. The Secretary of State was there during the evening. I do not know whether he was there at dinner or not.

Mr. BENNET. Do you remember whether this note to the powers was discussed at that dinner?

Mr. POLK. I do not want to mention any names, but at least one foreign ambassador discussed it with me.

Mr. BENNET. He had received, if he was a resident ambassador, he had already received the note?

Mr. POLK. He received the note at 5 o'clock in the afternoon.

Mr. BENNET. And it would not have been a particular violation of confidence if anyone discussed that note that evening?

Mr. POLK. Not at all.

Mr. BENNET. Because it was to be released.

Mr. POLK. In the morning. I think one minister and an ambassador discussed it with me that night.

Mr. BENNET. Then if it was a common discussion at Edson Bradley's that night, it would not have been a particular violation of confidence?

Mr. POLK. No, sir. You see it had been distributed at that time. After 5 o'clock they distributed copies to all the embassies and legations in Washington.

Mr. BENNET. So that after 5 o'clock, counting the number of copies that were given out to the newspapers and the embassies, there were possibly 100 or 150 copies in Washington?

Mr. POLK. Oh, easily that. A good many people knew about it by that time.

Mr. BENNET. And the information was more or less general?

Mr. POLK. Yes, sir.

Mr. BENNET. That is all.

Mr. CHIPERFIELD. I have a question or two. You said, Mr. Polk, that in coding this message, the code which you call the green code was used?

Mr. POLK. It was. That is my recollection, that the green code was used.

Mr. CHIPERFIELD. And if I understand your testimony correctly, you said that on some occasions these messages go to the telegraph room and are coded there instead of being done, as was done, by Mr. Salmon in this case?

Mr. POLK. Yes, sir.

Mr. CHIPERFIELD. Have they a copy of the green code in the telegraph room?

Mr. POLK. Oh, yes.

Mr. CHIPERFIELD. How many copies of the green code are about the office of the Secretary of State, and who would have the custody of any such copies?

Mr. POLK. Well, I am not positive of that.

Mr. CHIPERFIELD. Just your best information.

Mr. POLK. From my best information, I would not suppose there would be more than three, but I am not sure of that.

Mr. CHIPERFIELD. And would it be at all an impropriety, in your view, to inquire who have those three copies?

Mr. POLK. These other gentlemen coming on have more——

Mr. CHIPERFIELD (interposing). I do not want to pry into the confidential affairs of your department.

Mr. POLK. My recollection is that the Secretary of State has one, which is kept in his safe. There is one in the index bureau, kept in the safe, too, and one in the telegraph room, kept in that safe.

Mr. CHIPERFIELD. And who would be the responsible custodian of the one in the telegraph room?

Mr. POLK. The chief telegrapher in charge.

Mr. CHIPERFIELD. Is he a man of long employment?

Mr. POLK. So I understand. I wish to say this: We have never had, with the information coming through the State Department, a leak which we could in any way hold the telegraph room responsible for, and they have handled to my knowledge, since I have been there, every message except this particular one, with two or three exceptions of incoming messages.

Mr. CHIPERFIELD. Is the chief telegraph clerk in attendance here to-day, do you know?

Mr. POLK. No; but I think Mr. Whipple intends to get him.

Mr. CHIPERFIELD. He is among those who are coming; then I will not waste any time on it. I have another question, and if this question be intruding into the views of the State Department, I do not care to have it answered. Is it thought, or has the department any reason to believe, that knowledge of this green code is in the hands of others outside of the accredited representatives of the United States?

Mr. POLK. If we thought that for a moment, we would change it at once. We have no reason to believe it.

Mr. CHIPERFIELD. My question is whether you have any reason to believe that.

Mr. POLK. None at all. It would be our duty to change that code immediately if there was any such thought.

Mr. CHIPERFIELD. But, without reference to your duty, I just want the plain, categorical answer on the record. Have you any reason to believe that information of that code exists in the custody of any others except those properly accredited to the United States?

Mr. POLK. No, sir.

Mr. CHIPERFIELD. That is all.

Mr. WHIPPLE. I wanted to ask whether those original or at least those three copies of the President's note are anywhere in existence now, or were they cut up in the printing office wherever they were, so that they have not been preserved?

Mr. POLK. Oh, I could not tell you. Possibly some of the other gentlemen coming on have that data. I do not know.

Mr. WHIPPLE. That is all.

Mr. BENNET. I would just like to ask one question. I show you a paper and ask you to read the bottom item, and ask you now if you knew anything about that information being issued?

Mr. POLK. No, sir.

Mr. BENNET. So, if that information was given out before the 18th of December, it was not given out from the State Department?

Mr. POLK. Oh, no.

Mr. GARRETT. Had not you better identify that?

Mr. BENNET. I am going to have it marked for identification. I will have the stenographer mark that.

(The paper referred to was thereupon marked Hibbs No. 2 for identification.)

Mr. GARRETT. You had better let the printed record show what it refers to; else it will not mean anything. You had better let the printed record show that that question of yours referred to "Hibbs No. 2."

Mr. BENNET. I am informed that the record will show that.

Mr. WHIPPLE. Mr. Polk, there has been handed up to me a list of questions by someone whose identity is not disclosed, and therefore they are anonymous. It has been the habit, I might say, of this committee to follow up any suggestions that have been made in order to ascertain whether they lead to anything, even if the suggestions are anonymous, and we have spent a good deal of labor on it. Since you have no objection, I will put these questions, for which, of course, neither the committee nor its counsel take any responsibility.

Do you know John W. Clifton?

Mr. POLK. Yes, sir.

Mr. WHIPPLE. Who is he?

Mr. POLK. He is a lawyer. I think he has an office here in Washington and an office in New York. He was one of the counsel in the so-called Appam Case; that was the case of the German prize coming to Norfolk.

Mr. WHIPPLE. And counsel for whom?

Mr. POLK. He represented—it is rather difficult to say whom he represented, because the German Government never submitted itself to the jurisdiction over here of our court, but he represented the German interests. I will put it that way.

Mr. WHIPPLE. That would be a fair statement. How long have you known Mr. Clifton?

Mr. POLK. I think I met Mr. Clifton first two years ago.

Mr. WHIPPLE. And do you happen to remember in what connection?

Mr. POLK. No; I do not. I do not remember where I first met him.

Mr. WHIPPLE. Do you know whether he was or is a friend or intimate of the late or recent German ambassador?

Mr. POLK. He is acquainted with him; yes, sir. How well he knows him I do not know.

Mr. WHIPPLE. And he represented the German interests and very likely Count von Bernstorff?

Mr. POLK. He represented the German interests in this case, and I know of one other case in which he represented that interest. I know him slightly.

Mr. WHIPPLE. I am requested to ask if you ever made a confidant of Mr. Clifton?

Mr. POLK. No, sir.

Mr. WHIPPLE. Or whether he has had any opportunity so far as you are aware, to get any inside information with regard to state documents?

Mr. POLK. No, sir.

Mr. WHIPPLE. The suggestion is as to whether he may have secured any inside information as to state documents without your knowledge, it being imparted unknowingly or unwittingly? As to

that, I suppose you can not say. You are not conscious of imparting any information?

Mr. POLK. I am safe in saying that Mr. Clifton never got any information from the State Department, certainly not through me, and I can not recall that I ever saw Mr. Clifton at any time during that month. I may have, but I do not recall it.

Mr. WHIPPLE. I have no doubt your answers will satisfy completely your anonymous inquisitor?

Mr. GARRETT. I think whoever sends up communications of that sort ought to assume responsibility for them. I do not believe it is right to impose upon this committee any such inquiries as that, or of a similar character, to be asked, and then when this committee declines, because of its anonymous character, to ask them, to make criticism of the committee. I think that whoever sends up communications of that sort as information, they ought to assume the responsibility by signing their names to them, and for one I shall protest against the acceptance of any further anonymous communications to be made the basis of inquiry to a witness. I do not like the spirit in which that comes. I do not think it is fair at all.

The CHAIRMAN. Of course, in this instance it was submitted to the counselor after he had left the witness stand.

Mr. GARRETT. I understand.

The CHAIRMAN. And the only reason it was done in this instance is frequently, after a witness has left the stand and questions of this sort have been sent up and they are not asked, the committee finds itself in the attitude of being very harshly criticized. I quite agree with Mr. Garrett that anyone sending up questions ought to be responsible for them, but in this particular case we thought it was fair to let Mr. Polk have an opportunity to meet that issue, which we knew that he could meet as he did.

Mr. GARRETT. I am not making any criticism of this action, but I just simply wanted to make that public statement, that I do not approve of it as a general course, and I do not think people ought to send them up.

Mr. POLK. I was very glad indeed to answer that question, because I am frequently told that so-and-so is a close friend of mine and so-and-so can get information, and so-and-so has means of approaching me, and I am only too glad to have an opportunity of correcting those impressions.

Mr. BENNET. It was the same spirit in which I asked you about that Edson Bradley dinner?

Mr. POLK. Exactly.

Mr. GARRETT. That is entirely a different proposition. I made no reflection on any question you asked, Mr. Bennet.

Mr. BENNET. I understand, but that came to the committee as an anonymous communication, and I handed it to Mr. Whipple.

The CHAIRMAN. Then you had finished your statement to these questions?

Mr. POLK. Yes, sir.

The CHAIRMAN. You do not care to say anything further?

Mr. POLK. No, sir; I was waiting to answer questions.

Mr. WHIPPLE. May I say that I very cordially approve of what Mr. Carret has said, and I never for one moment would frame a question to a witness on an anonymous communication.

The habit that I have had with regard to the multitude that have been sent in is to merely show them to the gentleman whom they concern, stating that they are anonymous, because it seems to me fair that any gentleman who comes before this committee as a witness should know of any anonymous communications that are made, so that he may meet them if he wants to. In that same spirit I handed them to Mr. Polk after he left the witness stand, saying that we took no responsibility for it; saying if he would like to answer them, to meet an anonymous charge, he was at liberty, and I am sure the committee would give him that privilege, and it was in that spirit, after these questions were read to Mr. Polk, I felt like satisfying the gentleman who wants apparently to have these things put, but he does not guarantee them.

Mr. GARRETT. The counsel understands that I was not criticizing him at all.

Mr. WHIPPLE. I so understood it, but I wanted the policy of the committee with regard to these anonymous communications with which we were flooded to be made known to everybody. That is, that I first, when they come to me, show them to the gentleman whom they concern, so that he may know what is being said, even if it is anonymous. But it seems fairer to them that the committee should not withhold from them these communications, but should make it known to these gentlemen what is being said, so that they may meet the questions if they wish.

The CHAIRMAN. Identify this gentleman a little further. Is that Col. John W. Clifton, formerly of Tennessee?

Mr. POLK. I did not discover the military title until the other day. I believe he is the same man.

The CHAIRMAN. He formerly resided in Tennessee?

Mr. POLK. I did not know that, but he is a lawyer here in Washington.

Mr. BENNET. He is a lawyer of repute and standing, so far as you know?

Mr. POLK. Yes, sir.

Mr. POU. I do not understand that the committee has formally decided that it will pay no attention to anonymous communications?

The CHAIRMAN. No.

Mr. POU. Those matters will be decided upon, as I understand it, as they come in?

Mr. BENNET. Is it not fair to state, so long as the question has come up, that anonymous communications have been brought to counsel and that he has always investigated the subject matter, and and that he will continue to do that in the future as in the past?

Mr. WHIPPLE. If the committee approve; I have understood from the committee that every suggestion that was made by anyone which could be reasonably considered as giving sources of information should be followed persistently and zealously by their counsel, to see whether it did, and that nothing else would be satisfactory to the committee.

The CHAIRMAN. That has been the wish of the committee.

Mr. WHIPPLE. But on the other hand no anonymous persons should use this committee and utter or fix an aspersion upon any gentleman or honest man to injure him, as anonymous communicants are able to injure citizens who are innocent of any wrong-doing.

That has been the course I have pursued, and which I understand has been with the full and cordial approval of the committee.

The CHAIRMAN. That is so. Who is your next witness?

Mr. WHIPPLE. Mr. Woolsey.

TESTIMONY OF MR. LESTER HOOD WOOLSEY.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name to the committee, Mr. Woolsey?

Mr. WOOLSEY. Lester Hood Woolsey.

Mr. WHIPPLE. And you live where?

Mr. HOOD. I live in Washington now.

Mr. WHIPPLE. For how long have you been a resident here?

Mr. WOOLSEY. I have been residing in Washington most of the time since 1902.

Mr. WHIPPLE. Will you state your present connection with the State Department?

Mr. WOOLSEY. My designation is law adviser. I was formerly assistant solicitor.

Mr. WHIPPLE. And under whom as your immediate superior?

Mr. WOOLSEY. I am attached to the Secretary's own office.

Mr. WHIPPLE. As law adviser to the Secretary of State?

Mr. WOOLSEY. It does not read that way, Mr. Whipple, but attached to the Secretary's office.

Mr. WHIPPLE. But your connections in your official communications are directly with the Secretary of State as a general thing?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. Will you state to the gentlemen of the committee when you first saw the copy of the President's peace note—the copy that he sent to the Department of State and just what you had to do with it as long as it was in the office of the Department of State, and tell us very specifically as you remember it.

Mr. WOOLSEY. On Monday, December 18, the Secretary called me into his room and there was present the Secretary and Counselor, and we discussed ways and means of transmitting this note to the foreign powers. I do not recall that the Secretary read the note to us, although he may have. At any rate, after a few minutes of discussion—about 15 minutes—the Secretary handed me the manuscript, with directions to send it forward, the directions being that no doubt it would be necessary to put the note in three forms, in three telegrams.

I took the manuscript to my room, which is just across the hall from the Secretary's room. Mr. Sweet, the Secretary's confidential clerk, has a desk in that room, and my confidential clerk, Mr. Vestal, has his desk there also. While I was in the Secretary's room I asked Mr. Polk if I could have his confidential clerk, and in fact he offered his confidential clerk. So I got these three men together in my room, and told them what was to be done. First I took the precaution to close the transom which opened out into the hall, and to lock the door from the inside.

There was only one copy of the manuscript. Attached to it, as I recollect, was a sheet in the President's own typewriting—as I understand it was in his own typewriting—with the directions that the

original—I mean the first copies—should go to the entente powers; that a certain sentence in that was to be changed, and that, with the change, was to go to the central powers, and that the whole thing, with the changes indicated, were to go to the neutral powers.

So I had each stenographer get up a different telegram. He transcribed this original copy of the President's—the President's copy—they transcribed it onto green telegraph blanks. One was addressed to London and the other to Berlin, and the other to some neutral country, I do not know which. Then, of course, having only one original, as soon as one stenographer finished with one sheet, it had to be passed to the other men; so that all the stenographers had to see all the sheets of the original.

As I recall, one carbon copy was made, according to custom, with the green—at the same time. I had general supervision of this, and these stenographers were impressed with the confidential character of this communication, and I do not think it would have been possible to have had any other than this extra carbon made.

When the copies were all transcribed, the three men came into my room. Mr. Howell was in Mr. Polk's office. Mr. Sweet, Mr. Howell, and Mr. Vestal came into my room, and I read the original to them for corrections. After that they were assembled, the green telegram blanks were assembled, and according to custom, I initialed each, as I recollect. Then I took them into Mr. Polk's office. The Secretary said he would not wait, and he authorized Mr. Polk to sign the telegrams. I took them into Mr. Polk's office. I think he read them. I was present, and no one else was present, and he signed them.

I had arranged with Mr. Salmon, the chief of the Index Bureau, who also has charge of the telegraph room and the telegraphers, that I would have this done, I thought, about 7 o'clock. I did not tell him what it was. He had no idea of what it was, so far as I know. He said "I have to go out to meet an engagement, and I will be back at 7 o'clock." He said "In case I am not back, I wish you would put these copies under seal and deliver them to Mr. O'Keefe, the night head telegrapher.

I inquired by telephone if Mr. Salmon had returned, and Mr. Salmon had not returned. So, in the presence of Mr. Vestal, and perhaps somebody else, I put the three copies in a cloth envelope, sealed it myself, put wax seals on it myself, addressed it to Mr. Salmon, and put a note on the face of it near his name "Personal and confidential. To be opened only by Mr. Salmon."

I waited a little while for his return, and he did not return, and I think it was about 7.20 when I took it down to the telegraph room, and delivered it to Mr. O'Keefe, who has been our head telegrapher there for very many years. That is the last I saw of the note that day. May I continue?

Mr. WHIPPLE. Yes, sir; take your own course, please.

Mr. WOOLSEY. The carbon copy and the President's original draft were taken by me before I delivered this package to Mr. O'Keefe—I took the carbon copy and the President's original draft into the Secretary's room and locked them up in the safe, the combination of which I have. I turned off the combination and tried the door to see whether it was locked. Those were there all night, so far as I know.

That is all I saw of the note that day, so far as I recall.

Mr. WHIPPLE. Then, is it true that the only people up to that time who had seen either the President's original note or any copies of it were you gentlemen in authority in the Secretary of State's office and your three stenographers?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. Were you in the room while the stenographers were working?

Mr. WOOLSEY. I was in the room where two of them were working.

Mr. WHIPPLE. How did they hand the sheets from one to the other, as I understand that that was the method adopted?

Mr. WOOLSEY. Sometimes I did it for them, and sometimes they did it, and passed it along.

Mr. WHIPPLE. Mr. Sweet, I think, had the President's note first?

Mr. WOOLSEY. I think so; I am not sure.

Mr. WHIPPLE. And then, as he finished the sheet, it would be handed to the next stenographer, and then who would take it into the next room to Mr. Polk's stenographer?

Mr. WOOLSEY. I did that myself.

Mr. WHIPPLE. So, you were right in touch all the time?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. And nobody else was present in the room?

Mr. WOOLSEY. No, sir.

Mr. WHIPPLE. So, we therefore limit to these three gentlemen all access up to the time you sealed the note, what we may call the original impress by the stenographers?

Mr. WOOLSEY. Yes.

Mr. WHIPPLE. And sent it in a sealed envelope to Mr. Salmon?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. Would it have been humanely impossible for anyone to have gotten into those offices and seen these sheets, or any part of them, during the time that the original presidential message was being transcribed?

Mr. WOOLSEY. Of course, I am not sure whether it would have been possible to have gone into see Mr. Howell's work while he was in there while I was out of the room, but I do not think anybody could have gotten into my room and seen those copies.

Mr. WHIPPLE. But you saw no one in his room when intermittently you entered his room to deliver a sheet which had been finished by the other stenographers?

Mr. WOOLSEY. I think possibly part of the time Mr. Patchen, Mr. Polk's secretary, was in that room, but so far as I know he knew nothing about what was going on.

Mr. WHIPPLE. He knew nothing about what was being copied?

Mr. WOOLSEY. No.

Mr. WHIPPLE. But with that possibility we will now negative any one having seen these papers or any of them?

Mr. WOOLSEY. Yes.

Mr. WHIPPLE. Except the three stenographers?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. Did you notice that they were taking one carbon copy?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. And immediately after, as I understand it, those were assembled?

Mr. WOLSEY. Yes, sir.

Mr. WHIPPLE. Put in your hands?

Mr. WOLSEY. Yes, sir.

Mr. WHIPPLE. And with no one else having access to them, put the safe in the Secretary's office, and the safe was locked by you?

Mr. WOLSEY. Yes, sir.

Mr. WHIPPLE. And that completed your connection with the matter?

Mr. WOLSEY. That day.

Mr. WHIPPLE. Whatever became of those carbon copies? Are they in the State Department archives?

Mr. WOLSEY. Those were the copies which Mr. James used later to take to the Printing Office.

Mr. WHIPPLE. Then you sent to the office of the Information Bureau—do you call it that?

Mr. WOLSEY. Yes, sir.

Mr. WHIPPLE. Or the Index Bureau?

Mr. WOLSEY. There are two bureaus by those names.

Mr. WHIPPLE. You sent it to Mr. Salmon?

Mr. WOLSEY. Yes; he is the Index Bureau chief.

Mr. WHIPPLE. That was for the purpose of coding?

Mr. WOLSEY. Yes.

Mr. WHIPPLE. What was done with those copies after he had coded the contents? Where did they go to?

Mr. WOLSEY. I only know by hearsay. I understand that Mr. Salmon returned only a very few minutes after I delivered these copies to Mr. O'Keefe, and Mr. Salmon says he received the package from Mr. O'Keefe intact, with the seals unbroken, and I have no doubt at all that he did. That he opened the package and took another trusted telegrapher and went into a certain room in the State Department, where he pulled down the shades and locked the door and proceeded to encode these three messages and kept at it until some 3 or 4 o'clock in the morning.

Mr. WHIPPLE. Just those two gentlemen together?

Mr. WOLSEY. Yes, sir.

Mr. WHIPPLE. But they will be before the committee a little later?

Mr. WOLSEY. Yes, sir.

Mr. WHIPPLE. But my question was, after they had encoded the message——

Mr. WOLSEY (interposing). I was going to get to that.

Mr. WHIPPLE. Yes; if you will proceed.

Mr. WOLSEY. Those I never saw. I do not think I have ever seen them. Perhaps I have seen them since, but not for several days after that did I see the original green telegrams. I am told by Mr. Salmon that, after he had decoded them, he put them in an envelope with wax seals and put them in his safe in the telegraph room.

Mr. WHIPPLE. And your copies were kept for another purpose?

Mr. WOLSEY. Yes.

Mr. WHIPPLE. What was done with those; I mean, the carbon copies that you kept in the Secretary of State's safe?

Mr. WOLSEY. Those were kept for printing.

Mr. WHIPPLE. When were those taken out and by whom?

Mr. WOOLSEY. By the Secretary's direction the next day, in the afternoon, perhaps the middle of the afternoon—I do not recall the exact time—I was directed to see that these were printed for distribution to the press men. I went to the safe and took out these carbon copies. I called Mr. James over the telephone without telling him what his errand was for. He came over, and I handed him these carbon copies. I think he took all of them.

Mr. WHIPPLE. Still under seal?

Mr. WOOLSEY. No; they were not under seal.

Mr. WHIPPLE. I am mistaken, then. I thought you said that you had put them in the safe and had sealed the envelope.

Mr. WOOLSEY. No.

Mr. WHIPPLE. But I am in error in that.

Mr. WOOLSEY. I think I misunderstood Mr. Whipple. I thought you were referring to Mr. Salmon's copies.

Mr. WHIPPLE. No; I was referring to the copies sent to the printer. Were those Mr. Salmon's copies?

Mr. WOOLSEY. Those were the ones I put in the safe the night I delivered the package to Mr. Salmon, but those were not under seal when I put them in the safe.

Mr. WHIPPLE. But those were in what receptacle—in an original envelope?

Mr. WOOLSEY. I think they were in the original envelope which the President sent over.

Mr. WHIPPLE. With the President's note?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. And then what you did was to take those three carbon copies out of the envelope which came from the Executive Mansion, with no cover?

Mr. WOOLSEY. With no cover, so far as I recall.

Mr. WHIPPLE. Those were given into the hands of Mr. — —

Mr. WOOLSEY (interposing). Mr. James of the printing department.

Mr. WHIPPLE. He is the chief of the information bureau?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. He has control of the printing department?

Mr. WOOLSEY. He is responsible for the printing; while he was there he prepared with me the release paragraph at the top of the note.

Mr. WHIPPLE. At what time did you deliver that to Mr. James, as you remember?

Mr. WOOLSEY. I should say it was between 2 and 3 o'clock. Possibly it was later than that.

Mr. WHIPPLE. That is, on Tuesday?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. Tuesday, the 19th?

Mr. WOOLSEY. Yes, sir. Possibly later than that, Mr. Whipple. I do not recall.

Mr. WHIPPLE. When he received these three copies for the purpose of setting them up in type?

Mr. WOOLSEY. Yes, sir. I told him that these were absolutely confidential and secret, and he should be governed accordingly, and it was the Secretary of State's own directions that he should so act.

Mr. WHIPPLE. Now, what did he do?

Mr. WOOLSEY. Well, I do not know of my own knowledge.

Mr. WHIPPLE. But now we have the three copies, that is, the carbon copies in the hands of Mr. James for the purpose of having them printed in the Printing Department. When did you see anything of them or hear of the matter again—following, now, the copies that went into the Printing Department?

Mr. WOOLSEY. I did not see those copies again—those carbon copies.

Mr. WHIPPLE. Never did?

Mr. WOOLSEY. Never did.

Mr. WHIPPLE. Do you know what became of them?

Mr. WOOLSEY. Well, they were used in the course of the printing, Mr. Whipple. No; I do not know what became of them.

Mr. WHIPPLE. At all events, those copies were never again restored to the department?

Mr. WOOLSEY. Not to me. I do not know whether they were restored to the department.

Mr. WHIPPLE. I have forgotten your testimony, Mr. Woolsey. The copies that were sent to the telegrapher for encoding were not returned?

Mr. WOOLSEY. Not to me; no, sir.

Mr. WHIPPLE. You do not know what became of those?

Mr. WOOLSEY. No, sir.

Mr. WHIPPLE. They never came back to the department?

Mr. WOOLSEY. No, sir. I think I did see them several days after that, but a good deal after that.

Mr. WHIPPLE. And those were left in the possession of Mr. Salmon?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. So then there were six copies at this particular time—three under the control of Mr. Salmon and three under the control of Mr. James?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. And so far as Mr. Salmon was concerned, his work had all been done, so that he merely kept the copies for safe-keeping. There was nothing further that he had to do with them?

Mr. WOOLSEY. No; I think not.

Mr. WHIPPLE. And, as been testified or indicated by Mr. Polk, the encoded copies were sent down to and filed at the telegraph office in the city?

Mr. WOOLSEY. I do not know a thing about that.

Mr. WHIPPLE. Well, he has testified to that. But you think that these three copies that were in the hands of Mr. Salmon on Tuesday—indeed, were there Monday night, were they not?

Mr. WOOLSEY. Yes, sir; Monday night.

Mr. WHIPPLE. And they remained there thereafter for several days?

Mr. WOOLSEY. So far as I know; yes, sir.

Mr. WHIPPLE. And the others, they were delivered Tuesday afternoon, and they never came back?

Mr. WOOLSEY. Never came back to me.

Mr. WHIPPLE. Did you have anything to do with the proof reading or anything of that sort?

Mr. WOOLSEY. No, sir. I would like to correct a statement made by Mr. Polk. Of course he had no personal knowledge of it. He said that these proofs came back to me for reading, which is not the

case. I did not see the prints until they turned up the next day in the afternoon.

Mr. WHIPPLE. I am glad you corrected that. Then, when did you see—what time the next day did you see any printed copies?

Mr. WOOLSEY. We were promised these printed copies at 2 o'clock the next day. At 2 o'clock the next day I called up and inquired where they were, and Mr. James said there had been delays but he would get them as soon as possible, and we got them, I think, at about a quarter to 3. They were delivered to my office by Mr. Duncan, the assistant of Mr. James, tied up with a cord, with a paper around them, and as I recollect with the Printing Office seal on them. I am not very clear on that matter, but I think so. There was only one case that ever happened like that, and that was this case.

Mr. WHIPPLE. Who distributed them to the newspapers at 5 o'clock?

Mr. WOOLSEY. Well, we opened the package immediately and took a few copies into the Secretary, and I asked him when I should send them over to the newspaper men, and he said, "Not until after my afternoon conference," which takes place at 3.30, and they were taken down to the chief clerk, who distributes these printed copies. They were taken down, I think, by my messenger at about 4 or between 4 and 5, and delivered to the chief clerk.

Mr. WHIPPLE. And he made the distribution?

Mr. WOOLSEY. He made the distribution, and took receipts for each copy which was given out.

The CHAIRMAN. Who is the chief clerk?

Mr. WOOLSEY. Mr. Benjamin Davis.

Mr. WHIPPLE. And is this form which you have handed to the committee the one which was handed out to the reporters?

Mr. WOOLSEY. Yes, sir; that is one of the copies.

Mr. WHIPPLE. With the stipulations as to release in the form appearing?

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. I think that had better be marked as an exhibit, although I should doubt if it needed to be printed in the record.

Mr. BENNET. It is in the record, page 667.

Mr. WHIPPLE. We will have the release printed in the record.

The CHAIRMAN. Yes.

Mr. WHIPPLE. "Release for publication in editions of newspapers appearing on the streets not earlier than 12.05 a. m. local time on Thursday, December 21, 1916."

Will you mark that as an exhibit with the understanding that it is to be referred to and in the control of the committee, but not to be printed?

(The paper referred to was thereupon marked "Exhibit Woolsey No. 1.")

Mr. WHIPPLE. Therefore in order to pursue the course of the six copies of this message which were outstanding on the afternoon of Tuesday, December 19, we have got to go into the Printing Office and the encoding or telegrapher's office.

Mr. WOOLSEY. Yes, sir.

Mr. WHIPPLE. And you have no further knowledge with regard to that?

Mr. WOOLSEY. No, sir.

Mr. WHIPPLE. That is all.

The CHAIRMAN. Any questions by the committee?

Mr. LENROOT. I would like to ask one or two questions.

The CHAIRMAN. Very well.

Mr. LENROOT. Did I understand that you did not read the proof?

Mr. WOOLSEY. No, sir; I did not read the proof.

Mr. LENROOT. Did you state who did?

Mr. WOOLSEY. I understand that Mr. James himself went down to the Printing Office, and read the proof over with some man in the office.

Mr. LENROOT. When this sealed package was returned to you at 2 o'clock, or thereabouts, it did not contain the carbon copies?

Mr. WOOLSEY. No, sir; I do not think it did. I did not see them.

Mr. LENROOT. What was the purpose in sending three copies to the printer?

Mr. WOOLSEY. I do not know that three copies were given to the printer. I do not know how many copies were given to the printer by Mr. James. All I did was to give Mr. James three copies in order that he might make up the proper foot note and heading, such as occurs on this copy which I have just turned in here.

Mr. LENROOT. There would only be one used, would there not?

Mr. WOOLSEY. No; I think he used two; the one to the central powers and the one to the entente powers were slightly different. He used two copies, and put a foot note saying that this had been sent to the neutral powers.

Mr. LENROOT. Do you think there were two copies sent to the press? Was it not one copy with a foot note?

Mr. WOOLSEY. Why, I do not know just what was given to the printer.

Mr. LENROOT. As it came back to you finally corrected?

Mr. WOOLSEY. There were two different notes that came back to me.

Mr. LENROOT. There were two different printed notes that came back to you?

Mr. WOOLSEY. Yes; with a foot note, with the same or with a similar foot note at the bottom.

Mr. LENROOT. You think there was a note different from that?

Mr. WOOLSEY. This was a note to the entente powers.

Mr. LENROOT. And do you think there were notes made for the press just having that one change, having in mind the foot note that was there?

Mr. WOOLSEY. I think the foot note was just the same in both. I do not recall, but there were two notes printed which came back to me printed in the form of two notes, one addressed to London, to Mr. Page, and one addressed to Mr. Gerard.

Mr. BENNET. At 10 o'clock in the morning of December 18, which was Monday, you had no knowledge or intimation that there was such a note in existence or going to be in existence?

Mr. WOOLSEY. Not the slightest.

Mr. BENNET. And, so far as you know, excepting for the moment the Secretary, did anybody in the State Department know of this note or that it was going to be prepared?

Mr. WOOLSEY. I do not know, sir.

Mr. BENNET. So far as you know.

Mr. WOOLSEY. I did not know of anybody.

Mr. CAMPBELL. Well, if anyone in the office outside of the Secretary had known of such a note it probably would have been yourself?

Mr. WOOLSEY. Probably; yes, sir.

Mr. BENNET. And you did not know?

Mr. WOOLSEY. Well, or Mr. Polk.

Mr. BENNET. Or Mr. Polk?

Mr. WOOLSEY. No, sir; I did not know it.

Mr. BENNET. Well, Mr. Polk has testified that the first intimation that he had was after 4 o'clock on the 18th of December, when he and you and Mr. Lansing were in the same room.

Mr. WOOLSEY. Yes, sir.

Mr. BENNET. And that is the first you knew of it?

Mr. WOOLSEY. Yes, sir.

Mr. BENNET. You have been in the department in various capacities for quite a number of years, have you not?

Mr. WOOLSEY. I think I came in the department first in 1910.

Mr. BENNET. You were assistant solicitor under Mr. Dennis?

Mr. WOOLSEY. No; it was just about that time, I think, that Mr. Dennis left.

Mr. BENNET. You were under James Brown Scott?

Mr. WOOLSEY. Yes, sir; I was first under James Brown Scott.

Mr. BENNET. And you come from what State?

Mr. WOOLSEY. I come from New York.

Mr. BENNET. That is all.

The CHAIRMAN. The committee will stand at recess until 2.15.

(The committee took a recess until 2.15 o'clock p. m. this afternoon.)

AFTER RECESS.

At the expiration of the recess the committee assembled.

The CHAIRMAN. Whom will you call next?

Mr. WHIPPLE. We will call Mr. Sweet.

TESTIMONY OF E. C. SWEET.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name, Mr. Sweet?

Mr. SWEET. E. C. Sweet.

Mr. WHIPPLE. And your residence?

Mr. SWEET. At present in Washington.

Mr. WHIPPLE. Your occupation?

Mr. SWEET. I am clerk to the Secretary of State.

Mr. WHIPPLE. How long have you held that position?

Mr. SWEET. Since August, 1914.

Mr. WHIPPLE. And continuously?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. What are your duties in that office, speaking generally?

Mr. SWEET. I handle the personal and confidential work of the Secretary of State.

Mr. WHIPPLE. And you have continuously for some two and a half or three years now?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. What was your employment before that?

Mr. SWEET. I was a stenographer.

Mr. WHIPPLE. Where?

Mr. SWEET. At Lincoln, Nebr.

Mr. WHIPPLE. For how long?

Mr. SWEET. Well, for something over a year.

Mr. WHIPPLE. Has that been your life work, stenography?

Mr. SWEET. It has for the last 10 years, I should judge.

Mr. WHIPPLE. And under who, as Secretary of State, did you first come to the department?

Mr. SWEET. Under Secretary Bryan.

Mr. WHIPPLE. And then you have staid through the administration of Secretary Lansing?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Let me direct your attention now to the week of December 18 and especially in connection with what has now become known as the "President's peace note" that was published in the newspapers of December 21. Will you state to the committee what was the first that you knew or heard or observed with regard to that paper?

Mr. SWEET. Well, some time after 4 o'clock on the afternoon of December 18 Mr. Woolsey came to my desk and said that here was a confidential matter which was to be prepared for transmission abroad, and he handed me a draft of the communication. I was directed to prepare it in a given form and then return to him.

Mr. WHIPPLE. Did you know then what it was?

Mr. SWEET. Why, he simply told me that it was a communication from the President to the various Governments.

Mr. WHIPPLE. And who told you this, did you say?

Mr. SWEET. Mr. Woolsey, in his directions.

Mr. WHIPPLE. This did not come from the Secretary of State himself?

Mr. SWEET. The Secretary did not hand it to me; no, sir.

Mr. WHIPPLE. Who were present when Mr. Woolsey talked with you?

Mr. SWEET. There was one other in the room.

Mr. WHIPPLE. Who?

Mr. SWEET. Mr. Vestal.

Mr. WHIPPLE. And who is Mr. Woolsey's private secretary?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. He had with him a manuscript, as I understand it?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Did you recognize it as coming from the White House?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Had you seen this peculiar script of the typewriter before?

Mr. SWEET. I had.

Mr. WHIPPLE. So that, so to speak, it was in the President's handwriting, or at least from the typewriter that he personally used?

Mr. SWEET. It is our understanding that whenever a communication is in that type that no one but the President had seen it.

Mr. WHIPPLE. And he had but one copy?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Won't you tell the committee what you did with reference to getting it in shape, what direction was given as to how many copies should be made?

Mr. SWEET. There was no specific direction that I recall, as to the number of copies; but in this particular instance my recollection is that I made one carbon copy, the original being on the green telegraph blank which is used on all departmental telegrams.

Mr. WHIPPLE. Did you begin the transcription of the presidential note?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. And then is it true as you finished pages they were handed to——

Mr. SWEET (interposing). Mr. Vestal.

Mr. WHIPPLE. Handed to Mr. Vestal, and as he finished them they were handed to Mr.——

Mr. SWEET. Mr. Howell.

Mr. WHIPPLE. And Mr. Howell stayed in another room?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. But you two gentlemen were in the one room?

Mr. SWEET. We were in the one room.

Mr. WHIPPLE. How long did it take you to transcribe the manuscript?

Mr. SWEET. I do not recall exactly, but it was something over an hour and a half, and certainly not more than two hours.

Mr. WHIPPLE. And you took one carbon?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. And what do you know about the other stenographers? Did they take a carbon?

Mr. SWEET. To the best of my knowledge they made one carbon each; I did not notice particularly.

Mr. WHIPPLE. But no direction was given?

Mr. SWEET. There was no direction given to me.

Mr. WHIPPLE. What did you do with the carbon copy you had from your work?

Mr. SWEET. I handed it to Mr. Woolsey.

Mr. WHIPPLE. And you then assembled it on your desk, put the sheets in the order of their sequence, and gave it to Mr. Woolsey?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. No one else was in the room except you two while it was being done?

Mr. SWEET. While the transcription was being done there was no one.

Mr. WHIPPLE. Mr. Woolsey was in and out?

Mr. SWEET. Mr. Woolsey was in and out. We proof read it, of course, as is our custom, after we had transcribed it; at that time the three of us, together with Mr. Woolsey.

Mr. WHIPPLE. In what room?

Mr. SWEET. We were in the one room.

Mr. WHIPPLE. All in one room?

Mr. SWEET. All in one room.

Mr. WHIPPLE. And the stenographers followed while he read the President's original note?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. What became of the President's original note, so far as you know?

Mr. SWEET. So far as I know it was returned to Mr. Woolsey.

Mr. WHIPPLE. Did you see anything of this afterwards?

Mr. SWEET. No, sir.

Mr. WHIPPLE. Had nothing further to do with it?

Mr. SWEET. No, sir.

Mr. WHIPPLE. Has ever anyone at any time, since you have been in the office, approached you with a hint or suggestion of getting copies or transcripts of State papers or similar information?

Mr. SWEET. No, sir.

Mr. WHIPPLE. The suggestion has never come to you from any source?

Mr. SWEET. No, sir; not to secure copies of anything.

Mr. WHIPPLE. Well, have you had requests for confidential information?

Mr. SWEET. Well, no; I would not say that. Of course, there are correspondents around the corridors all the time, and they naturally ask questions.

Mr. WHIPPLE. Correspondents for what?

Mr. SWEET. For the various newspapers.

Mr. WHIPPLE. I think the committee would be interested to know to what extent correspondents around the corridors of the State Department have made requests of you for confidential information or information as to what was going on in the State Department. Won't you state it as specifically as you can?

Mr. SWEET. Well, I would not say that they had ever made a request for confidential information. There is hardly a day passes that we are not stopped in the corridors and asked, "Well, what is the news to-day?"

Mr. WHIPPLE. You say "We." I want to direct it specifically to yourself.

Mr. SWEET. That I have been.

Mr. WHIPPLE. You mean there is hardly a day that some correspondent does not stop you in the corridor and ask what the news is?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. And sometimes more than once?

Mr. SWEET. Oh, yes.

Mr. WHIPPLE. Well, now, is it not the custom in the State Department for the Secretary to meet all the reporters or correspondents at a given time, to give out news?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Well, then, why do the correspondents ask you daily what the news is?

Mr. SWEET. I can not understand why they do, but it is a fact. I am asked practically every day, and my answer in all cases is that they should put their questions at the regular newspaper conference.

Mr. WHIPPLE. Does the same one, after you have given this repeated answer, continue to ask you what the news is?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Can you remember any who have?

Mr. SWEET. No; I can not remember any specifically. In the course of my employment there, I suppose every newspaper correspondent has possibly asked the question at some time.

Mr. WHIPPLE. And do you know them?

Mr. SWEET. I know them by sight.

Mr. WHIPPLE. And by name?

Mr. SWEET. There are very few I really know by name.

Mr. WHIPPLE. But day after day they, in the corridors, as you go about, ask what is the news or what is going on, perhaps; something like that?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Have you ever given any information?

Mr. SWEET. I have not.

Mr. WHIPPLE. And still you are none the less from day to day inquired of about it?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. But you have no authority to give anything.

Mr. SWEET. I have absolutely no authority to give it.

Mr. WHIPPLE. Did you ever call that to the attention of the gentlemen who have asked you to give out the news?

Mr. SWEET. I have answered a number of times: "I am not an official of the department, but simply an employee," and that any information that is given out should come from the officials of the department.

Mr. WHIPPLE. Other than these general requests, have you received requests from anyone for information?

Mr. SWEET. No, sir.

Mr. WHIPPLE. And always from the newspaper correspondents?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. Do you know Mr. Essary?

Mr. SWEET. No, sir.

Mr. WHIPPLE. You do not know him by name?

Mr. SWEET. No, sir.

Mr. WHIPPLE. Are these the correspondents who habitually attend the meetings at the State Department or correspondents who, some of them, do not attend there, but are assigned to other duties in the city?

Mr. SWEET. So far as I know, they are the regular correspondents at the State Department.

Mr. WHIPPLE. Were you ever present when Secretary Lansing spoke to them?

Mr. SWEET. I have been at various times.

Mr. WHIPPLE. Does anyone else in the department give information, so far as you know, to the newspaper reporters, except the Secretary himself, and in his absence does Mr. Polk, for instance?

Mr. SWEET. In the absence of the Secretary, Mr. Polk generally sees the correspondents.

Mr. WHIPPLE. And I think it is unnecessary to ask, but I will put it, because I want to give the opportunity for everyone who had to deal with this paper or these papers, so I will ask you to state to the committee whether you were asked for information in regard to this secret State paper?

Mr. SWEET. To the best of my recollection, no question was asked of me.

Mr. WHIPPLE. Was any question put which would imply that anyone, a reporter or otherwise, knew of the existence of such a paper and wanted to find out about it? Now, I am fixing your attention to Monday, Tuesday, and Wednesday of the week beginning Monday the 18th.

Mr. SWEET. It is possible that some question was asked me on Wednesday; I do not recall.

Mr. WHIPPLE. Will you search your recollection to see if a question was asked, and if so, by whom and when?

Mr. SWEET. I really have no recollection of any questions being asked me.

Mr. WHIPPLE. Do you remember of the Secretary's making an announcement to the reporters at that morning meeting?

Mr. SWEET. I was not present, but I was told that he had made the announcement.

Mr. WHIPPLE. How soon after that were you told?

Mr. SWEET. Well, it was before noon or by noon.

Mr. WHIPPLE. I think the committee would be very much interested to know whether before or after you knew of the announcement any of the reporters or correspondents or anybody else asked you to interpret what the Secretary had said or asked you for information as to what really the paper was that was to be given out?

Mr. SWEET. As I said before, I have no definite recollection of any questions being asked about it, but it is very possible that some one would say to me, "Well, the Secretary made an announcement that such and such a 'handout' would be made," and would ask me if I knew what it was; but, as I say, I have no specific recollection.

Mr. WHIPPLE. Have you any recollection of answering such a question?

Mr. SWEET. If I answered such a question it would simply be that they would have to get the information from the proper source.

Mr. WHIPPLE. But you speak of this as a possibility but not as a reproduction, in your memory?

Mr. SWEET. No, sir.

Mr. WHIPPLE. So that you can visualize any scene or any person asking about it?

Mr. SWEET. For the reason that the questions have been asked so many times.

Mr. BENNET. Just one question: "What is the news" or "Any news" was almost a formal salutation, was it not?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. It must have gotten to a point where you considered it as a question not very seriously put to you?

Mr. SWEET. As a general rule.

Mr. WHIPPLE. As long as you had answered it for so many years, "there was nothing to say;" is that a fact?

Mr. SWEET. Yes, sir.

Mr. WHIPPLE. It was a rather a stereotyped question?

Mr. SWEET. A general question.

Mr. BENNET. Almost a reflex?

Mr. WHIPPLE. Yes; that is very true.

Mr. CHIPPERFIELD. Mr. Sweet, where is your office located?

Mr. SWEET. It is directly across the corridor from the Secretary of State.

Mr. CHIPERFIELD. Does your office open on the corridor?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. Have you a safe in your office?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. What kind of a desk have you?

Mr. SWEET. We have an ordinary typewriter desk.

Mr. CHIPERFIELD. Locked?

Mr. SWEET. There is no lock. There are locks on it.

Mr. CHIPERFIELD. I know, but do you keep it locked, or anything of that kind?

Mr. SWEET. I never keep it locked.

Mr. CHIPERFIELD. Where did you get the paper?

Mr. SWEET. Out of the drawer of my desk.

Mr. CHIPERFIELD. Does this room have the swinging doors common to so many of the rooms up there?

Mr. SWEET. You mean the door that swings both ways?

Mr. CHIPERFIELD. Yes.

Mr. SWEET. No, sir.

Mr. CHIPERFIELD. What are your office hours?

Mr. SWEET. I am generally there a few minutes before 9, and ordinarily leave about 5.30, sometimes later.

Mr. CHIPERFIELD. Is your door locked when you leave?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. Who locks it?

Mr. SWEET. The messengers.

Mr. CHIPERFIELD. What messengers?

Mr. SWEET. The messengers attached to the office of the Secretary.

Mr. CHIPERFIELD. What janitors clean up your room?

Mr. SWEET. I have no knowledge of that.

Mr. CHIPERFIELD. Where did you get your paper on which you wrote this?

Mr. SWEET. Out of the drawer of my desk.

Mr. CHIPERFIELD. You were trying to make a nice, fair copy?

Mr. SWEET. As usual.

Mr. CHIPERFIELD. I do not mean any reflection.

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. This was an important paper and you were trying to make a nice, fair copy?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. Did you use carbon paper?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. Did you take fresh sheets?

Mr. SWEET. I did.

Mr. CHIPERFIELD. What did you do with your carbon paper after you wrote the letter?

Mr. SWEET. After the——

Mr. CHIPERFIELD. The message?

Mr. SWEET. I presume it went into the wastebasket.

Mr. CHIPERFIELD. With nice, fresh sheets of carbon paper that have been used in writing a message of that sort, could not any person, curious enough, get the carbon paper and have an exact reproduction?

Mr. SWEET. No, sir.

Mr. CHIPERFIELD. I just want to call your attention to that just a minute.

Mr. SWEET. No, sir.

Mr. CHIPERFIELD. The lines would not be superimposed upon each other upon the carbon paper?

Mr. SWEET. Superimposed? Yes, sir; I think they would be.

Mr. CHIPERFIELD. What on earth would there be to make them superimposed on each other?

Mr. SWEET. I used the same carbon sheets for the whole document.

Mr. CHIPERFIELD. How many sheets were there in this document when it was copied?

Mr. SWEET. I do not recall. I judge there were four or five, possibly six.

Mr. CHIPERFIELD. That would mean that you had made use of that sheet four or five or possibly six times, would it not?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. And do you mean to say that with a carbon sheet made use of only four or five or six times a person can not practically gather every word from these ordinary carbon sheets?

Mr. SWEET. I say that; yes, sir.

Mr. CHIPERFIELD. You do?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. Would you like to see an illustration of some carbon sheets that have been used in that way?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. I have sent for them, and after they are obtained I think I will gratify your curiosity on that subject. I do not mean that in a pert sense.

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. The sheets themselves went into the wastebasket?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. The impression you do not think would be left on the paper?

Mr. SWEET. There might be a stray word, but really, so far as getting a correct impression, I do not believe it would be possible.

Mr. CHIPERFIELD. You realize that no wastebasket or anything else around there would be safe that contained information?

Mr. SWEET. The wastebaskets from our offices are emptied by our own messengers, by instructions.

Mr. CHIPERFIELD. What to do with it?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. What do they do with it?

Mr. SWEET. They are told to burn it.

Mr. CHIPERFIELD. Do they?

Mr. SWEET. I presume they do.

Mr. CHIPERFIELD. You are assuming they are carrying out the instructions?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. Which is a very natural assumption.

Mr. SWEET. They are trusted there.

Mr. CHIPERFIELD. I have not any question about it and am not making the slightest reflection upon them. Do you know whether or not Howell was there?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. He was in the same room with you?

Mr. SWEET. No; he worked in his own office.

Mr. CHIPERFIELD. Sir?

Mr. SWEET. He worked in his own office.

Mr. CHIPERFIELD. Where was that, with reference to yours?

Mr. SWEET. That is on the same side of the corridor with the office of the Secretary of State, down a couple of doors.

Mr. CHIPERFIELD. Do you know whether he followed substantially the same course, or do you know what he did?

Mr. SWEET. I really do not know, but I presume he did.

Mr. CHIPERFIELD. What time did you leave your office that night?

Mr. SWEET. I left at quarter past 6, as I recall it, on that night.

Mr. CHIPERFIELD. Was your office locked when you left?

Mr. SWEET. Mr. Woolsey was still in the room when I left.

Mr. CHIPERFIELD. Well, did he lock it or does the messenger lock it after you are all gone?

Mr. SWEET. The messenger, as I understand, locks it at the time Mr. Woolsey goes. Mr. Woolsey generally leaves quite late at night, and the messenger on duty locks the door.

Mr. CHIPERFIELD. All I am trying to find out is how much of an interval would there be between the time that the last man left and the time the messenger locks the office?

Mr. SWEET. There would not be more than two or three minutes—no length of time.

Mr. FOSTER. Mr. Chiperfield asked you about this carbon paper, what you did with it after you had written these notes, and you said you threw it in the waste basket.

Mr. SWEET. Yes, sir.

Mr. FOSTER. You did that immediately when you were through?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. Just one further question. Mr. Sweet, if those letters were not superimposed, it is very plain that the carbon paper will disclose very distinctly what is written upon it, just as plain as if written on the paper itself?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. So that the thing that would prevent the reading of the paper, if anyone did get hold of it—I do not insinuate they did; I do not know whether they could or not—would be the fact that the one letter was superimposed upon the other letter, obliterating what had been written before?

Mr. SWEET. Yes, sir.

Mr. CHIPERFIELD. And as soon as that was done it would so appear?

Mr. SWEET. In writing a communication of that length, being double spaced, sheets of the same size, the same margins and all, the lines would be almost sure to be superimposed.

Mr. CHIPERFIELD. That is your idea about it?

Mr. SWEET. Yes, sir.

TESTIMONY OF MR. HUMPHREY D. HOWELL.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, Mr. Howell.

Mr. HOWELL. Humphrey D. Howell.

Mr. WHIPPLE. You are stenographer or private secretary to whom?

Mr. HOWELL. I am confidential clerk to Mr. Polk.

Mr. WHIPPLE. How long have you held that office?

Mr. HOWELL. Since May, 1916.

Mr. WHIPPLE. And continuously?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. What are your duties as confidential clerk to Mr. Polk?

Mr. HOWELL. Why, drafting and writing ordinary official correspondence, with Mr. Polk's O. K., and taking his stenographic dictation at times.

Mr. WHIPPLE. Stenographic dictation which you subsequently transcribed from your notes?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. Where were you employed before you went to the State Department?

Mr. HOWELL. I have been in the State Department practically since I left school, outside of one year when—probably nearly a year, when I played professional baseball.

Mr. WHIPPLE. How long ago was that?

Mr. HOWELL. That was in 1909.

Mr. WHIPPLE. I mean, when you left school?

Mr. HOWELL. 1908.

Mr. WHIPPLE. And then you spent a year in professional baseball, and the rest of the time as stenographer?

Mr. HOWELL. And general clerk in the State Department.

Mr. WHIPPLE. And general clerk in the State Department?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. Do you remember the occasion of this note of the President's which was sent to the State Department early in the week of December 18?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. State what the first thing was that you observed or heard regarding it?

Mr. HOWELL. I was working along in the evening, I think it was along about 4 o'clock, when Mr. Woolsey came in from Mr. Polk's office, which adjoins mine, and Mr. Woolsey asked me to take out of the machine the paper that I had in there, and take over the work that he was going to give me, at Mr. Polk's direction. It happened to be this note.

Mr. WHIPPLE. What do you remember about it? Did you remove the paper from the place where it was into another place?

Mr. HOWELL. No, sir; I stayed where I usually worked.

Mr. WHIPPLE. Then, did Mr. Sweet come into your room?

Mr. HOWELL. No, sir; Mr. Sweet did not come in there, as I recall.

Mr. WHIPPLE. Is he usually in the room right next to you?

Mr. HOWELL. No, sir; he is diagonally across the hall.

Mr. WHIPPLE. I had thought up to this time that you and Mr. Sweet worked together in the same room?

Mr. HOWELL. No, sir; we do not.

Mr. WHIPPLE. And did not that night?

Mr. HOWELL. No, sir.

Mr. WHIPPLE. I will correct myself. It was Mr. Vestal who was in the room with Mr. Sweet?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. I am glad to be set right in regard to that. Will you not state how the manuscript came to you?

Mr. HOWELL. Mr. Woolsey gave me, I think, several pages of the President's original typewritten copy, and I was to start on those, and when I was through with those to go over to his room, in which Mr. Sweet also worked, and take the copies that he had finished with, and then go on.

Mr. WHIPPLE. Did you get the beginning of the note?

Mr. HOWELL. I must have gotten the beginning, because I could not have started typewriting.

Mr. WHIPPLE. Is it true, then, that Mr. Sweet, and perhaps Mr. Vestal, had finished the sheets before you got them?

Mr. HOWELL. As to that I do not know. I think we were working simultaneously from one copy, and they must have done, say, three or four pages and then given them to me; that was probably the way.

Mr. WHIPPLE. Do you think they would have had the paper first?

Mr. HOWELL. They undoubtedly had it first; yes, sir.

Mr. WHIPPLE. How many papers did you prepare?

Mr. HOWELL. My memory is not clear on that, but I recall making only one.

Mr. WHIPPLE. Is it possible that you made the second carbon?

Mr. HOWELL. No, sir; I do not believe I did.

Mr. WHIPPLE. Do you remember what your orders were about it?

Mr. HOWELL. No, sir; I do not.

Mr. WHIPPLE. Were you impressed with the importance not only of the paper itself but of absolute and strict secrecy with regard to its contents?

Mr. HOWELL. Only by general instructions from Mr. Polk. It is understood.

Mr. WHIPPLE. There were no specific instructions?

Mr. HOWELL. In this case, no, sir.

Mr. WHIPPLE. But you realized, naturally, that a note by the President of the United States of this character, addressed to the belligerents or belligerent nations, if no more, was a paper of great importance?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. And that any disclosure as to any part of it, or the ascertainment of it or any part of it by any outsider would be a very grave matter?

Mr. HOWELL. Yes, sir.

Mr. CHIPERFIELD. So that you realized the necessity of absolute and implicit secrecy in regard to it?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. Did anyone ask you at any time during that week to give a hint as to what the paper contained, or to get a copy, or have any conversation whatever with you regarding that paper?

Mr. HOWELL. No, sir; only the stereotyped question, which we run across every morning and several times a day, of "What is the news?" or "What is going on?" or something of that kind, from the newspaper men.

Mr. WHIPPLE. Do they ask you that, too?

Mr. HOWELL. Yes.

Mr. WHIPPLE. How long have they been asking you that day by day?

Mr. HOWELL. Since I have been with Mr. Polk, and that was May, 1916.

Mr. WHIPPLE. And you always answer the same?

Mr. HOWELL. Nothing doing. [Laughter.]

Mr. WHIPPLE. And then you encounter neither resentment nor hopelessness, because the query rises again in the morning, "What is the news?"

Mr. HOWELL. They are used to it.

Mr. BENNET. Another example of the triumph of hope over experience.

Mr. WHIPPLE. A very good example, too.

I want, particularly, to inquire as to whether any questions were asked as to the existence of this note, or the existence of this paper, that is, did anyone at any time say, "By the way, have you seen this paper that the Secretary spoke about?" Or, "Have you seen a note of the President?" or any hint or suggestion of that sort?

Mr. HOWELL. Nothing of that kind until it started to come out in the papers, and then they asked us how much we made. [Laughter.]

Mr. WHIPPLE. Not "How many you made," but "how much?" [Laughter.] Well, that must have been after it had been published in the newspapers.

Mr. HOWELL. Probably; I do not recall exactly, but there was quite a bit of excitement in the papers when they started to ask that question.

Mr. WHIPPLE. That is, they asked all the boys up there how much they had made out of it?

Mr. HOWELL. Yes, sir.

Mr. WHIPPLE. And received the stereotyped answer, "Nothing doing"? [Laughter.]

STATEMENT OF MR. FRANKLIN E. VESTAL.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Vestal, state your full name, where you live, and what your occupation is, and your connection with the State Department.

Mr. VESTAL. My full name is Franklin E. Vestal. My occupation is that of a stenographer and confidential secretary to Mr. Woolsey.

Mr. WHIPPLE. How long have you been Mr. Woolsey's secretary?

Mr. VESTAL. I have been Mr. Woolsey's secretary since May, 1916.

Mr. WHIPPLE. Continuously?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. And as such you take stenographic dictation?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. And are familiar with such state documents as are submitted to your charge?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. Will you state to the gentlemen of the committee the first you knew or heard of this note, which has now gotten to be called the "President's peace note," of December 21, and all that you had to do with it?

Mr. VESTAL. Well, I think in the afternoon of December, Mr. Sweet, or somebody, spoke of somebody having told him that there was something coming from the White House; that is the first I had ever heard of it; and about 5 o'clock, possibly a little before, Mr. Woolsey came in with a copy of the note.

Mr. WHIPPLE. How long before that had you heard the suggestion that something was coming from the White House?

Mr. VESTAL. I heard the suggestion possibly a week before I received the note.

Mr. WHIPPLE. Are you sure "something was coming," or "had come" and was in the hands of the Secretary?

Mr. VESTAL. Of course, they spoke with reference to us.

Mr. WHIPPLE. That was probably that it was coming to you?

Mr. VESTAL. It was coming, that is it.

Mr. WHIPPLE. But, there is nothing that would indicate it had not already come from the White House and was in the hands of the Secretary?

Mr. VESTAL. Not so far as I know.

Mr. WHIPPLE. That is, something coming to you that was from the White House?

Mr. VESTAL. That was for the purpose of keeping us from leaving too soon; that is it.

Mr. WHIPPLE. Very well. Now, state when it came under your observation and how?

Mr. VESTAL. Well, I got the copy that I was to copy from about 5 o'clock, I should say.

Mr. WHIPPLE. Which room did you go into?

Mr. VESTAL. I was in the same room with Sweet.

Mr. WHIPPLE. Is that your regular place?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. So that you were not transferred from one room to another. Is it true that Mr. Sweet transcribed or copied a few pages and then they were handed to you?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. And then they were sent to another room?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. And that was the order that was followed?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. How many copies?

Mr. VESTAL. Well, I have no distinct recollection of that. I have copied hundreds of telegrams since then, but I am under the impression that I made at least one, possibly two or three.

Mr. WHIPPLE. What was done with those carbon copies?

Mr. VESTAL. Well, the carbons and the copies themselves were attached to the original green and returned to Mr. Woolsey.

Mr. WHIPPLE. They all went back together?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. You did not keep one?

Mr. VESTAL. No, sir.

Mr. WHIPPLE. Have you ever seen one since?

Mr. VESTAL. I do not distinctly recollect, but I think not.

Mr. WHIPPLE. Have you ever seen the original note in the type-writing of the presidential typewriter?

Mr. VESTAL. I got a glimpse or two of it while Sweet had it, but I do not think I ever had it in my own hands to copy from.

Mr. WHIPPLE. You did not have it in your hands to copy from?

Mr. VESTAL. I copied from Mr. Sweet's copy.

Mr. WHIPPLE. Oh, you copied from Mr. Sweet's copy?

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. Then, it is true that no part of the presidential paper went into your hands?

Mr. VESTAL. Well, I won't say that specifically; I might have had the first page or two, but it was returned to Mr. Woolsey.

Mr. WHIPPLE. I had rather understood from Mr. Howell that he got the original paper—the copy. Of course, it does not make much difference.

Mr. BENNET. He said after they got two or three sheets ahead in that room they took them in to him.

Mr. WHIPPLE. Yes; but did not take the presidential copy.

Mr. HOWELL. I had the presidential copy; yes, sir.

Mr. WHIPPLE. I see. In order to expedite it, one of you would take the President's copy as he transcribed——

Mr. VESTAL. Yes, sir.

Mr. WHIPPLE. Another would take the copy of that, which Mr. Sweet had made; that would probably account for it, because you did not see the President's copy?

Mr. VESTAL. I saw it, but I do not think I had it in my hands.

Mr. WHIPPLE. I mean, you did not have it for the purpose of transcribing?

Mr. VESTAL. No, sir.

Mr. WHIPPLE. During this week, did anyone make inquiries of you with regard to any such paper, either directly or indirectly, or by hint or otherwise?

Mr. VESTAL. Well, in so far as you have heard stated by Mr. Sweet and Mr. Howell, such inquiries are constantly being made of everybody around there.

Mr. WHIPPLE. I was asking you whether there was any inquiry which pointed to this paper?

Mr. VESTAL. No, sir.

Mr. WHIPPLE. Such as, "What was this paper you had such a night?"

Mr. VESTAL. No, sir.

Mr. WHIPPLE. I want to direct your attention to Wednesday, the 20th. Did you know when the Secretary made his announcement to the reporters at 11 o'clock?

Mr. VESTAL. I may have heard something said about it, but I do not remember.

Mr. WHIPPLE. After that, did anybody ask there for a copy or to describe what the paper was?

Mr. VESTAL. No, sir.

Mr. WHIPPLE. You remember nothing of that sort?

Mr. VESTAL. No, sir.

Mr. WHIPPLE. Do you know of anyone else except you three gentlemen who had any chance to observe this paper while it was in the hands of the stenographers?

Mr. VESTAL. No, sir.

Mr. WHIPPLE. And, of course, your superiors, the Secretary and counselor, and the other gentlemen, the assistants.

Mr. VESTAL. So far as I know, there was no one.

Mr. CHIPERFIELD. Just one question. Did you use fresh carbons in making your copies?

Mr. VESTAL. Well, I think I did; yes, sir.

Mr. CHIPERFIELD. And what did you do with your carbons.

Mr. VESTAL. I turned them over in the drawer of my desk, as I remember, because I use the same sheets of carbon paper until they are worn out.

Mr. CHIPERFIELD. Have you not found in your experience that where carbon paper is used several times that by holding it up to the light a perfect transcription of what you have written appears

Mr. VESTAL. That is the case if the lines are not superimposed upon the others.

Mr. CHIPERFIELD. Of course, if that is the case, they would be obliterated?

Mr. VESTAL. Yes, sir.

TESTIMONY OF MR. DAVID A. SALMON.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name, Mr. Salmon?

Mr. SALMON. David A. Salmon.

Mr. WHIPPLE. And your residence?

Mr. SALMON. Washington.

Mr. WHIPPLE. Your occupation?

Mr. SALMON. Chief of the Bureau of Indexes and Archives of the Department of State.

Mr. WHIPPLE. How long have you held that official position?

Mr. SALMON. Since May, 1916.

Mr. WHIPPLE. What was your position before that?

Mr. SALMON. I was clerk in the same bureau.

Mr. WHIPPLE. For how long?

Mr. SALMON. For 10 years.

Mr. WHIPPLE. Ten years in the same clerkship?

Mr. SALMON. Well, in the same position; yes; exactly.

Mr. WHIPPLE. And before that?

Mr. SALMON. I was in the War Department.

Mr. WHIPPLE. As what?

Mr. SALMON. Clerk.

Mr. WHIPPLE. For how long?

Mr. SALMON. Six years.

Mr. WHIPPLE. So, you have been in the Government service for a great many years?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And practically all your active business life?

Mr. SALMON. Except two or three years when I was in a commercial occupation in Connecticut.

Mr. WHIPPLE. What are your duties as chief of the—index bureau, is it?

Mr. SALMON. Yes, sir. Why, it is the making of the record of all the correspondence of the department and the preserving of it, and charge of the cipher and telegraph business of the department.

Mr. WHIPPLE. Do you have assistants there?

Mr. SALMON. I have, I think, 57.

Mr. WHIPPLE. 57?

Mr. SALMON. Yes.

Mr. WHIPPLE. In the ordinary course of things, I understand, or do I understand, that State papers of importance are sent to you to be encoded?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And what is done is done under your direction?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And then in the ordinary course what do you do with them?

Mr. SALMON. After they are encoded?

Mr. WHIPPLE. Yes.

Mr. SALMON. Why, we send them to the telegraph company to be put on the wire, by a messenger boy, in a sealed envelope.

Mr. WHIPPLE. I thought you sent them out from your own telegraph office?

Mr. SALMON. No; we do but very little of that, on account of the pressure of business.

Mr. WHIPPLE. Speaking of your assistants, who assists you in the matter of encoding?

Mr. SALMON. Well, in the telegraph office there are 10 employees.

Mr. WHIPPLE. What are the names, so that we can identify them?

Mr. SALMON. Mr. Bean is the man in charge of the telegraph office and Mr. Dugan, Mr. O'Keefe, Mr. Yardley, Mr. Byars, Mr. Goldstein, Mr. Halloran, Mr. Ryan, Mr. Becker, and Mr. McAtee.

Mr. WHIPPLE. Are all those gentlemen familiar with the code?

Mr. SALMON. Yes, sir; all except one, Mr. McAtee, are familiar with the code. Just one minute, there is one more, Mr. Rorer.

Mr. WHIPPLE. All the rest are familiar with what is called the green code?

Mr. SALMON. Well, with the exception of probably Mr. McAtee; they all have some knowledge of it except Mr. McAtee.

Mr. WHIPPLE. You are entirely familiar with it, are you not?

Mr. SALMON. I am moderately so.

Mr. WHIPPLE. It is your duty to be quite familiar with it?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. Is there anyone else who approaches you in familiarity with that green code, so-called?

Mr. SALMON. Oh, yes. I think that there are three or four of the telegraph men who are much more—handle it with much more facility than I do.

Mr. WHIPPLE. Who are they?

Mr. SALMON. Mr. Bean, Mr. Yardley, and Mr. Dugan, I should say.

Mr. WHIPPLE. Are there other codes used there?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. The use of the green code is for messages from the State Department where they are extremely particular or secret?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And these other codes are used where there is not that same necessity.

Mr. SALMON. Where there is a communication to be made textually to another government, we direct our diplomatic officers to communicate textually to another government; we use a code which we do not consider confidential, and which we do not mind if the secrecy is known.

Mr. WHIPPLE. But this green code is an extremely confidential code?

Mr. SALMON. We so consider it.

Mr. WHIPPLE. How long have these gentlemen whom you say are familiar with it been in the employ of the Government and in that capacity?

Mr. SALMON. Why, Mr. Bean has been in the employment of the Government 10 years; Mr. Dugan, I think, 7; Mr. Yardley, I think, it is 4; and Mr. O Keefe also was familiar with it. He has been in the department 9 years.

Mr. WHIPPLE. What are they called.

Mr. SALMON. Well, they are appointed as telegraphers; three of the men are appointed as telegraphers, and the balance are just termed clerks, assigned to the telegraph and cipher work.

Mr. WHIPPLE. And your office, as chief of the index bureau, what is the significance of that?

Mr. SALMON. Well, it is where all the correspondence of the department is made of record and preserved, and has been so since the foundation of the government; that is, all written and telegraphic correspondence.

Mr. WHIPPLE. But you have charge of both of them for the purposes of filing?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And producing upon call from the department?

Mr. SALMON. Yes, sir. The assignment of the telegraph and cipher business of that bureau, I take it, is for the purpose of having it in the immediate vicinity and it is part of the record.

Mr. WHIPPLE. It is a sort of filing room, so to speak, from which files are made and brought in in order to get the papers as the gentlemen in the department need them?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. Take, for illustration, the manuscript of the President himself. Would that go into your files, or has it come yet?

Mr. SALMON. It has not come yet.

Mr. WHIPPLE. Would it in the ordinary course or would you expect it to?

Mr. SALMON. I hardly expect it to.

Mr. WHIPPLE. Would you have expected it to if events had not turned out as they have?

Mr. SALMON. Ultimately.

Mr. WHIPPLE. In the ordinary course?

Mr. SALMON. It might be ultimately, but not at the time.

Mr. WHIPPLE. Are these gentlemen employed telegraphing when they are not encoding messages or possibly decoding them?

Mr. SALMON. No, sir; we do very little telegraphing except in very urgent cases.

Mr. WHIPPLE. Then the rest of the 57 employees under you are engaged largely in telegraphing?

Mr. SALMON. Oh, no—the other 57? There are only 10 clerks assigned to the telegraph room.

Mr. WHIPPLE. What are the others?

Mr. SALMON. The others open the correspondence as it is received from the various sources and distributed, make it of record, and then redistribute it to the offices of action, and then it is returned and it is filed away and preserved.

Mr. WHIPPLE. And then, I suppose, copies of messages sent are also sent in to you?

Mr. SALMON. Certainly.

Mr. WHIPPLE. And filed in proper order by these subordinate clerks under your direction?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. I think we have got it. There are but 10 telegraphers, about 10 who do the work of encoding and decoding, and the rest of them are engaged in opening the mail and seeing that it reaches the proper files?

Mr. SALMON. Yes.

Mr. WHIPPLE. Receiving copies from the department and putting them into proper files?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. Do you remember of receiving for encoding messages or manuscript of a description answering what is now known as the "President's peace note" of December 21?

Mr. SALMON. I have.

Mr. WHIPPLE. Will you tell the committee from whom you received manuscripts, what the manuscript was specifically—that is, how many copies—and what you proceeded to do with it; and if you will be somewhat specific and detailed in your narration, I think the committee would appreciate it.

Mr. SALMON. Yes. Mr. Woolsey informed me, and that was in the vicinity of 4.30, on December 18, that there was an important communication to be dispatched in cipher, and I saw at the time that he had, on small paper in the typewriter used at the White House, several sheets. I did not look at it at all, and I told him that I had an engagement at 5 o'clock, but that I would come back between 7 and 8 o'clock, and take it up; that it would take him an hour or two hours to prepare it. So I asked him to leave it in the telegraph room in a sealed envelope. I returned to the department about 7.30—between 7.30 and 8 on the evening of December 18—and there found an envelope sealed, with the ordinary seal, a wax seal, with the seal of the State Department on it, and addressed to me, with instructions that it was "personal and confidential," not to be opened by anyone except "Mr. Salmon." I observed that the seal was intact, before breaking it; and then, even before breaking it, I gathered together the cipher books necessary to encipher it, and in this case it was not the green code. It was another code, and took them along with the necessary paper to use in ciphering it, into another room, apart from the telegraph room, and with me, Mr. Bean, the head man in the telegraphic room; and after reading the communications—there were three—I opened it in this other room, and there were three communications, one addressed to the entente powers, one to the central powers, and one to the neutrals.

And after reading it over and talking over the routing which it should receive, as it is necessary during these times to route telegrams differently than in ordinary times, in order to reach their destinations, we proceeded to encipher, to the best of my recollection, about 20 minutes after 8. I think it was at 10.30 we had enough finished to start what we call the "first section." When we have a very long message of that character, and it is necessary to get it on the wire hurriedly, we send it rather than to wait until it is all finished, in sections. So, at 10.30, approximately, we started the first section on the wire, by calling for a boy from the telegraph company and sending a cipher copy in a sealed envelope to the telegraph company.

Mr. WHIPPLE. Were they apprised in any way of the importance of the communication?

Mr. SALMON. They were not, so far as I am—yes, I think we did call them up and tell them to make it urgent. I am not positive about that.

Mr. WHIPPLE. But, at all event, so far as you have knowledge they did not know or could not read the message as it was enciphered?

Mr. SALMON. Absolutely; it was entirely in cipher.

Mr. WHIPPLE. This was not the green code?

Mr. SALMON. No, sir.

Mr. WHIPPLE. Is it a still more secret code?

Mr. SALMON. No, sir; it was not.

Mr. WHIPPLE. It was the ordinary code?

Mr. SALMON. It was what we term the "Blue code."

Mr. WHIPPLE. Is that the one used in your ordinary communications?

Mr. SALMON. It is the one we use where textual communication is to be made to another party.

Mr. WHIPPLE. And that is one that I understand is rather well known.

Mr. SALMON. Well, I could not say how well known it is.

Mr. WHIPPLE. Well, in your testimony you spoke of one that was.

Mr. SALMON. We do not consider it fully secret.

Mr. WHIPPLE. We had understood before, and I think the gentlemen from the Secretary of State's office had understood, it was the green code that was used.

Mr. SALMON. No.

Mr. WHIPPLE. That is for extremely confidential messages?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And this other is the one which you have spoken of, that is the blue code?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. Being one with which the ambassadors were familiar, or with which quite a number of people were familiar, and which you used when there was not the extreme secrecy that was required with regard to the green code?

Mr. SALMON. I think it states it accurately when I say it is used for communications that are to be communicated textually to another party, and in this case it was the foreign office of the foreign Governments.

Mr. WHIPPLE. At all events, the blue code is known to a great many more people than the green code?

Mr. SALMON. I could not say. Wherever—I do not know whether there are more than a few more copies of the blue code than there are of the green code. If anybody knows of it surreptitiously I am unaware of that.

Mr. WHIPPLE. The code appears in the book of which you have possession and of which you think there are comparatively few copies?

Mr. SALMON. Well, you see every embassy and legation has a blue code.

Mr. WHIPPLE. The blue code appears on the book which you have possession of and of which you think there are comparatively few copies.

Mr. SALMON. Well, you see every embassy and legation has a blue code.

Mr. WHIPPLE. Have they a green code?

Mr. SALMON. With few exceptions. You wish me to proceed?

Mr. WHIPPLE. Yes; if you will.

Mr. SALMON. As I say, we put the first section on the wire about 10.30, and proceeded with the enciphering of the message, and I think the second section went on about 12.30 and the third section at 2.30. In enciphering the messages we will always make a carbon copy, which is used as a confirmation, which we mail. It is a duplication of the original cipher, and it is mailed to the offices to which the message is addressed, and which enables him to check up any errors in transmission, upon receiving it, by comparing it with the original as he received it.

Mr. WHIPPLE. Are these messages sent to the American ambassadors or ministers or representatives in the different countries or to the representatives of the countries themselves?

Mr. SALMON. They are sent to the ambassadors—our ambassadors and ministers?

Mr. WHIPPLE. And they are decoded?

Mr. SALMON. Oh, yes; then they are decoded. As I say, in enciphering this we make a carbon copy of the cipher to be dispatched by mail later to embassies or legations whichever it may be, and in this case, after we had completed the encipherment of the message, the carbon sheets were all assembled and burned up in a fireplace in my presence, and the duplicate cipher text, together with the originals, were put in a manila envelope, and with the ordinary seal and two wax seals were placed on it, with the seal of the department, and direction on it not to be opened without my permission, and then placed in the safe in the telegraph room.

Mr. WHIPPLE. And that was done after?

Mr. SALMON. That was completed at 2.30 a. m. on the morning of December 19.

Mr. WHIPPLE. In that envelope were single copies of three messages, am I right, one to the entente, one to the central powers and one to the neutrals?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And besides that there were three copies of three messages which had been encoded?

Mr. SALMON. Copies of the three messages were encoded.

Mr. WHIPPLE. And those were sealed as you have described, and put into the safe in the telegrapher's room?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And Mr. Bean was the only one who had seen any one of these copies, except yourself?

Mr. SALMON. Yes, sir; well, of course, the cipher text proper may have been seen. The first section may have been seen by the man in the telegraphic room who is in charge of the night force—just the cipher text—but that is all.

Mr. WHIPPLE. But you did not send it over your telegraph?

Mr. SALMON. Oh, no; we just got a messenger boy from the company to take it down.

Mr. WHIPPLE. So the precautions that you took therefore made it practically impossible except for you two gentlemen to see these messages at any time until you got ready to open the seals?

Mr. SALMON. Yes, sir; and I opened the envelope Thursday morning somewhere around 11 or 12 o'clock, after the matter was in the public press.

Mr. WHIPPLE. And that was after the publication in the newspapers?

Mr. SALMON. Yes, sir.

Mr. WHIPPLE. And your copies were not opened until that time?

Mr. SALMON. No, sir.

Mr. WHIPPLE. Were any inquiries made of you or, so far as you know, of anyone in your department during that week, or at least prior to the time that you opened the sealed paper, as to the paper that you had been dealing with—any inquiries pointed toward the ascertaining of what was in it?

Mr. SALMON. No, sir.

Mr. WHIPPLE. Are you ever applied to for information? Have you been in the last three or four years applied to by outsiders, either gentlemen of the press or anyone, to get you to give information as to State papers?

Mr. SALMON. No, sir. I am employed constantly searching for historical data.

Mr. WHIPPLE. But nothing as to pending matters, anything like this; they do not even ask you, "What is the news?"

Mr. SALMON. They know better.

TESTIMONY OF MR. J. HUBBARD BEAN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, residence, and occupation.

Mr. BEAN. J. Hubbard Bean. Do you want my house address?

Mr. WHIPPLE. No; not particularly.

Mr. BEAN. Washington, D. C., and I am employed in the Department of State as telegraph and cipher clerk.

Mr. WHIPPLE. How long have you had that employment?

Mr. BEAN. I have been working in that position for about 9½ years; 9½ or 10 years.

Mr. WHIPPLE. Is the work that you do practically all encoding or decoding private messages of the Government?

Mr. BEAN. Yes, sir.

Mr. WHIPPLE. You do not do telegraphing or filing or things of that sort?

Mr. BEAN. Well, we keep our individual file in our room, but the telegraphing forms a very small part of our work now.

Mr. WHIPPLE. Did you hear the testimony of your senior, Mr. Salmon, who just left the stand?

Mr. BEAN. Yes, sir.

Mr. WHIPPLE. Have you anything that you can add to that with reference to the circumstances and mode of procedure in encoding these messages?

Mr. BEAN. No; I think I could not add anything to it.

Mr. WHIPPLE. Was there anyone in the room that you remember except yourself and him?

Mr. BEAN. Mr. Salmon and I went into an unoccupied room to encipher the message.

Mr. WHIPPLE. How did you do the work—he took one part and you took one part, or did you work with him as you went along?

Mr. BEAN. As well as I remember the message was written in 6½ sheets. I think I did the first sheet and Mr. Salmon the second and I the third—I think we alternated in that manner.

Mr. WHIPPLE. Did you observe what was done with the paper or the papers when you had finished the work?

Mr. BEAN. Yes, sir.

Mr. WHIPPLE. What was it?

Mr. BEAN. The plain text and the cipher text were inclosed in an envelope and sealed and placed in what we called the “big safe” in the telegraph room of the State Department.

Mr. WHIPPLE. The safe was locked?

Mr. BEAN. The safe was locked.

Mr. WHIPPLE. You are sure of it?

Mr. BEAN. I am quite positive.

Mr. WHIPPLE. You went home after a busy night?

Mr. BEAN. I went home in the morning.

Mr. WHIPPLE. Have you at any time been subjected to any inquiries by any people at all, especially were you on the 18th, 19th, and 20th of December, as to what this note contained.

Mr. BEAN. I was not approached by anyone at all.

Mr. WHIPPLE. Are you ever approached with regard to the things that go on in your department?

Mr. BEAN. Occasionally a local newspaper man or the local newspaper offices, their branch, call and ask if we know whether or not there will be any “handout,” I think they usually call it; and we never do know of them.

Mr. WHIPPLE. Do you ever have any “handouts,” as you call them?

Mr. BEAN. Not from our room.

Mr. WHIPPLE. How frequently are you inquired of whether there is going to be one?

Mr. BEAN. Well, at night particularly, and that is the only time that I know we are ever inquired of. The telegraph room is the only room open in the building, and that is why the inquiries are made there, instead of elsewhere.

Mr. WHIPPLE. In their anxiety to find out whether anything is going to be handed out they ask you if you know?

Mr. BEAN. Usually ask whether there is any one in the building, the chief clerk or the Secretary.

Mr. WHIPPLE. And those are the only inquiries that you have been subjected to, seeking information or light?

Mr. BEAN. Yes, sir.

TESTIMONY OF MR. JOHN H. JAMES.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name, your residence, and your occupation, Mr. James?

Mr. JAMES. John H. James. My home is in Ohio; I am at present here in Washington. I am Chief of the Division of Information of the Department of State.

Mr. WHIPPLE. What is that division, why is it constituted and what are your duties as chief of division?

Mr. JAMES. The principal duty is the filing of diplomatic correspondence and the seeing through the press of such diplomatic correspondence as is published and given distribution.

Mr. WHIPPLE. So, you are not connected with the Printing Office except so far as you send to the Printing Office matter to be there printed?

Mr. JAMES. As we prepare printer's copy, we send it to the Government Printing Office. We have no connection otherwise.

Mr. WHIPPLE. That is an independent department?

Mr. JAMES. Yes, entirely.

Mr. WHIPPLE. But, in the ordinary course, important dispatches are sent to you at some time for you to prepare them for printing and see that they are properly printed. Where is your office?

Mr. JAMES. My office is in what they call the "State Department annex," which is an old residence on the north side of Pennsylvania Avenue, just across the street from the main building, third floor.

Mr. WHIPPLE. I forgot to ask Mr. Salmon and Mr. Bean where their offices were in relation of the State Department. Can you tell me?

Mr. JAMES. On the first floor of the main building of the State Department.

Mr. WHIPPLE. Not a great distance from the rooms of the Secretary and his immediate assistants?

Mr. JAMES. One floor below.

Mr. WHIPPLE. But this was across the street?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. How many people have you under you?

Mr. JAMES. There is an assistant chief of the division and three clerks and a messenger.

Mr. WHIPPLE. Who is the assistant?

Mr. JAMES. Mr. Duncan—James L. Duncan.

Mr. WHIPPLE. And who are the three clerks?

Mr. JAMES. Mr. R. C. Horn, Mr. R. J. Lee, and Mr. Madden, and then a messenger, Mr. Freer.

Mr. WHIPPLE. Have you a memory of this paper which is now referred to as the President's peace note of December 21?

Mr. JAMES. Yes; I recall that.

Mr. WHIPPLE. Can you tell us when and under what circumstances it was first called to your attention?

Mr. JAMES. It was toward 5 o'clock, between 4.30 and 5 o'clock in the evening, I was called to the Secretary's office. That was on Tuesday evening.

Mr. WHIPPLE. That would be the 19th?

Mr. JAMES. Yes, sir. I went to Mr. Woolsey's room, and he gave me a carbon copy of the telegram to Mr. Page and of the telegram to Girard. I remained—shall I go on?

Mr. WHIPPLE. Did he not give you a copy of one addressed to the neutrals, or some communication that was going to the neutral nations?

Mr. JAMES. No.

Mr. WHIPPLE. He gave you a carbon copy of the President's message that had been prepared in his office?

Mr. JAMES. A telegram to Ambassador Page and a telegram to Ambassador Gerard, in the form of carbon copy.

Mr. WHIPPLE. Will you tell what instructions he gave you in regard to it?

Mr. JAMES. Well, I remained in his office, and the instructions were that these were to be prepared for the press, with release for the following Thursday morning, that would be December 21; and I remained there—well, put the printer's directions that we put on those documents. They are always put up in a certain style, and I was there a good part of an hour, probably, putting the release line and caption on and the printer's directions.

Mr. WHIPPLE. Then, when you had it finished you had one of these carbon copies, with printer's directions, and the release was on it?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. All ready for it to be set up in type?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. Can you tell us how many pages there were in this manuscript or in these manuscripts, as thus prepared?

Mr. JAMES. No, I can not; but I would say two or three pages each.

Mr. WHIPPLE. Well, more than that of typewritten pages, were there not?

Mr. JAMES. About that.

Mr. WHIPPLE. Only two or three typewritten pages?

Mr. JAMES. Perhaps more.

Mr. WHIPPLE. Here are three printed pages [handing papers to witness]. It would seem there were more than three pages of the typewriting.

Mr. JAMES. Perhaps there were.

Mr. WHIPPLE. Perhaps that is a matter of small consequence. But you prepared the different sheets all ready to be handed to the printer?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. Is that all you did?

Mr. JAMES. When I left the Secretary's office, Mr. Woolsey's room, it was 6 o'clock, approximately. I went direct to the Government Printing Office.

Mr. WHIPPLE. What did you take with you?

Mr. JAMES. I took the two telegrams.

Mr. WHIPPLE. Both of them?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. All ready to be handed to the printer?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. And one addressed to Ambassador Page and one addressed to Ambassador Gerard?

Mr. JAMES. Yes, sir. I asked for the night superintendent of work, Mr. McEvoy, to whom I gave these copies.

Mr. WHIPPLE. So these papers never went to your office at all?

Mr. JAMES. No.

Mr. WHIPPLE. Mr. Duncan knew nothing about them?

Mr. JAMES. Not until the following day.

Mr. WHIPPLE. Except as he might have been told until the following day. Now, after you got to the Government Printing Office, you saw Mr. McEvoy?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. How were you carrying these notes then?

Mr. JAMES. I had them in my inside pocket.

Mr. WHIPPLE. In an envelope?

Mr. JAMES. No; folded and in my pocket.

Mr. WHIPPLE. What did you do with them and what did you say to Mr. McEvoy?

Mr. JAMES. My recollection is that the first thing I said is that "Mr. McEvoy, here is a matter of very special secrecy and very special haste" explaining to him then that I must have the completed print for the newspapers the following day, as early as possible.

Mr. WHIPPLE. And that was all?

Mr. JAMES. Practically all. We went over the matter of printers' style a little, some conversation such as you would have in a printing office about how a thing is to be put up, the measure, and so forth.

Mr. WHIPPLE. And you left the papers with him?

Mr. JAMES. Left the copy with him.

Mr. WHIPPLE. And that is all you had to do?

Mr. JAMES. I arranged for a proof the next morning, the first thing.

Mr. WHIPPLE. Let me ask you about that proof. When was the proof to come back?

Mr. JAMES. I was to have it by morning.

Mr. WHIPPLE. When did you get it?

Mr. JAMES. I got it the first thing in the office when the office opened, about 9 o'clock.

Mr. WHIPPLE. What sort of a proof was that?

Mr. JAMES. I had a page proof, not a galley proof, a page proof.

Mr. WHIPPLE. That implied that the galley proof had been examined in the Printing Office?

Mr. JAMES. Yes. That is our practice; we always get a corrected proof.

Mr. WHIPPLE. Therefore there had been proof reading in the Printing Office?

Mr. JAMES. Yes.

Mr. WHIPPLE. Before it came to you, because you received page proof. Who brought them?

Mr. JAMES. They have a corps of messengers, and one of those messengers—I do not know whom—brought it.

Mr. WHIPPLE. How did it come to you?

Mr. JAMES. It came sealed. They have a way of sealing with red seals with a string which goes about through one of those seals. It came in that way.

Mr. WHIPPLE. It came to you with an unbroken seal?

Mr. JAMES. Oh, yes.

Mr. WHIPPLE. State what was in the envelope.

Mr. JAMES. Well, we had the printers' copy and two proofs.

Mr. WHIPPLE. That is, the copy which had been delivered to the printers?

Mr. JAMES. Yes.

Mr. WHIPPLE. Of both notes?

Mr. JAMES. Yes.

Mr. WHIPPLE. And the proofs—how many?

Mr. JAMES. Two proofs, is my recollection.

Mr. WHIPPLE. Two proofs of each or one proof of each paper?

Mr. JAMES. Two proofs of each paper.

Mr. WHIPPLE. Will you describe what you call the "printers' copy"? Had that been mutilated?

Mr. JAMES. Oh, yes; it comes back—they cut it up into what they call "printers' takes," and it was in that form.

Mr. WHIPPLE. Well, to what extent had it been cut up? I understand that the sheets were rather small.

Mr. JAMES. Oh, the sheets were about 8½ by 11, quarto size letter paper.

Mr. WHIPPLE. And how much had they been cut up?

Mr. JAMES. Well, each sheet had been cut up at least once, sometimes three pieces made of a sheet and sometimes two, irregularly cut, you understand.

Mr. WHIPPLE. But, when they came back to you the printers' copy; which had been cut had been restored to its sequence.

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. By pasting together, or something of that sort.

Mr. JAMES. They folio those and then it is reassembled and made consecutive.

Mr. WHIPPLE. And so when it came back to you somebody had reassembled these sheets which had been cut up?

Mr. JAMES. Yes.

Mr. WHIPPLE. And that had been done in the Printing Office?

Mr. JAMES. Yes.

Mr. WHIPPLE. What did you do then?

Mr. JAMES. We read proof on them, by having Mr. Duncan, the assistant chief of the division, hold copy and read while I read the proof.

Mr. WHIPPLE. What time did it come back?

Mr. JAMES. Nine o'clock in the morning.

Mr. WHIPPLE. But there were two proofs of each.

Mr. JAMES. Yes.

Mr. WHIPPLE. So you read the printers' copy?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. And he held one proof. What became of the other?

Mr. JAMES. I read the proof while he read to me from the printers' copy.

Mr. WHIPPLE. Then I had it reversed?

Mr. JAMES. Yes.

Mr. WHIPPLE. What became of the other?

Mr. JAMES. I retained that.

Mr. WHIPPLE. What did you do with it?

Mr. JAMES. I still retain it.

Mr. WHIPPLE. What did you do with it, immediately after you had read the copy?

Mr. JAMES. I kept it there with the other papers; with the printers' copy.

Mr. WHIPPLE. Locked up?

Mr. JAMES. I think not; I think it was in my desk.

Mr. WHIPPLE. Where was it?

Mr. JAMES. I have a drawer in my desk.

Mr. WHIPPLE. That is, as you sit at a desk [illustrating], you have one of these desks which had drawers at the side?

Mr. JAMES. Yes; and I have a large drawer directly in front between the two tiers; it is a large flat-topped desk.

Mr. WHIPPLE. Which drawer was it you put this in?

Mr. JAMES. The center drawer.

Mr. WHIPPLE. You pulled it out and put the extra proof in there; is that correct?

Mr. JAMES. Yes.

Mr. WHIPPLE. After you had finished this reading and comparison with your associate?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. What became of the other copy?

Mr. JAMES. The one that I read?

Mr. WHIPPLE. Yes.

Mr. JAMES. Mr. Duncan took that and sealed it and returned to the Printing Office with it.

Mr. WHIPPLE. I beg your pardon.

Mr. JAMES. Mr. Duncan—I handed that proof to Mr. Duncan, who sealed it and took it back to the Government Printing Office.

Mr. WHIPPLE. What became of the printer's copy?

Mr. JAMES. That went into the same sealed envelope with the proof.

Mr. WHIPPLE. Were there any corrections?

Mr. JAMES. One or two very minor corrections.

Mr. WHIPPLE. But, practically they went back, those two, as they came back to you?

Mr. JAMES. Very nearly.

Mr. WHIPPLE. But that left one complete proof of each one of these communications in your drawer?

Mr. JAMES. Yes.

Mr. WHIPPLE. Unlocked?

Mr. JAMES. I think so.

Mr. WHIPPLE. The drawer at which you sat, unlocked?

Mr. JAMES. Yes.

Mr. WHIPPLE. The drawer in the desk at which you sat—right in front of you?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. What else was in the drawer?

Mr. JAMES. A lot of other papers.

Mr. WHIPPLE. How long did that remain there?

Mr. JAMES. It is there now.

Mr. WHIPPLE. And how long did it remain there unlocked?

Mr. JAMES. Well, I presume it was that day.

Mr. WHIPPLE. Throughout the day?

Mr. JAMES. Yes.

Mr. WHIPPLE. From 9 o'clock in the morning until evening at least?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. And during the next day, I presume?

Mr. JAMES. Yes.

Mr. WHIPPLE. Did you have occasion to look at it either that day or the next?

Mr. JAMES. I think not.

Mr. WHIPPLE. I beg your pardon.

Mr. JAMES. I think not.

Mr. WHIPPLE. So that this copy, or these copies, of these two important communications were lying there in your office, in this building that you speak of, throughout the day, from 9 o'clock in a drawer that was unlocked and which could have been opened, perhaps, by anyone who was mousing around your office for any such purpose?

Mr. JAMES. No; that would be an impossibility. We are up on the third floor of a residence, and we have no visitors. There is no business transacted with the public by our little division, Mr. Duncan and myself are there, one or the other of us, all the time.

Mr. WHIPPLE. One of you stays there while the other is at lunch?

Mr. JAMES. There is somebody of the office—Mr. Duncan, or Mr. Horn, or myself are in the room all the time.

Mr. WHIPPLE. How many people are there in the building?

Mr. JAMES. I could not tell you how many people there are on the first and second floors. There are those I have mentioned in my division, and the law clerk of the department.

Mr. WHIPPLE. And you are on the third floor?

Mr. JAMES. We are on the third floor.

Mr. WHIPPLE. Who occupied the first and second floors?

Mr. JAMES. The office of the Foreign Trade Advisor.

Mr. WHIPPLE. Who is Foreign Trade Adviser?

Mr. JAMES. Marion Letcher is Foreign Trade Adviser.

Mr. WHIPPLE. Is that a part of the governmental service?

Mr. JAMES. It is part of the Department of State.

Mr. WHIPPLE. Does he occupy it all, the first and second floors?

Mr. JAMES. He and his clerks.

Mr. WHIPPLE. How many clerks does he have?

Mr. JAMES. I do not know. A number; a dozen or more.

Mr. WHIPPLE. A dozen or more?

Mr. JAMES. Yes.

Mr. WHIPPLE. Occupying those two floors of the old residence?

Mr. JAMES. Yes.

Mr. WHIPPLE. Were your outer doors locked through the day?

Mr. JAMES. No; they were closed while we read proof.

Mr. WHIPPLE. Were they locked at any time?

Mr. JAMES. No.

Mr. WHIPPLE. They were open to anyone who had business, to come there?

Mr. JAMES. Yes.

Mr. WHIPPLE. I want to pursue, with a little more particularity, these three clerks. Did you give me their names?

Mr. JAMES. In my division?

Mr. WHIPPLE. Yes.

Mr. JAMES. Yes.

Mr. WHIPPLE. Where were they when you and Mr. Duncan were comparing this important paper?

Mr. JAMES. They were in other rooms of the division. We occupy several rooms, but there was no one in the room while we read proof.

Mr. WHIPPLE. What were they doing?

Mr. JAMES. They were occupied in the work they have in the morning, of summarizing the daily press.

Mr. WHIPPLE. You mean, the different newspapers?

Mr. JAMES. Yes.

Mr. WHIPPLE. That is, they summarize for some one——

Mr. JAMES (interposing). They gather for the Secretary matter in the press pertaining to the department, or to diplomatic correspondence.

Mr. WHIPPLE. Is there a lock to your drawer?

Mr. JAMES. Yes.

Mr. WHIPPLE. That is, there is a lock and a key?

Mr. JAMES. Yes.

Mr. WHIPPLE. Was the key in it?

Mr. JAMES. No. I carry the key in my pocket.

Mr. WHIPPLE. And, therefore, it was simply left unlocked, without any visible indication whether it was locked or not?

Mr. JAMES. Yes.

Mr. WHIPPLE. Do you remember your visitors that day?

Mr. JAMES. I am quite sure we had no visitors. Visitors are very rare in our division.

Mr. WHIPPLE. Did you have messengers from the department?

Mr. JAMES. No; we have our own messenger.

Mr. WHIPPLE. And you have given his name?

Mr. JAMES. Yes.

Mr. WHIPPLE. After this, when did any other paper, in connection with this note, come to you?

Mr. JAMES. The completed print was delivered to our division that afternoon.

Mr. WHIPPLE. At what time?

Mr. JAMES. Oh, between 3 and 4.

Mr. WHIPPLE. How many copies?

Mr. JAMES. We delivered the bundle immediately to the Secretary's office unopened.

Mr. WHIPPLE. I see. A large bundle of what you understood to be the completed print [illustrating]?

Mr. JAMES. Yes. Not so large as you indicate. Two bundles, probably that size [illustrating].

Mr. WHIPPLE. In the form of a paper, which is marked here "Exhibit H, Woolsey"—that came up and you transmitted it immediately over to the State Department?

Mr. JAMES. Yes.

Mr. WHIPPLE. Had you had any communications from the State Department, or elsewhere, during the day on the subject of the delivery of these papers?

Mr. JAMES. There was an inquiry over the telephone as to the time——

Mr. WHIPPLE (interposing). By whom, and when?

Mr. JAMES. Between myself and Mr. Woolsey.

Mr. WHIPPLE. It did not come through anybody else? It was directly from Mr. Woolsey to you?

Mr. JAMES. Yes; we talked as to the——

Mr. WHIPPLE (interposing). Over the telephone?

Mr. JAMES. Yes; we talked as to the time when the delivery would probably be made.

Mr. WHIPPLE. Did you have occasion to look in the drawer during the day, to see whether those two proofs were still there?

Mr. JAMES. No, not at all. There could not be any possibility of anybody coming in.

Mr. WHIPPLE. One never knows what the evil-minded can do, who know the ropes and have a desire to take advantage. I am not speaking now, or suggesting that there was anybody, but I merely wanted to know, to shut out any possibilities of doubt, whether you opened that drawer during the day and observed that these important proofs were lying there?

Mr. JAMES. Why, I do not recall that I did.

Mr. WHIPPLE. You do not recall that you did?

Mr. JAMES. No.

Mr. WHIPPLE. Why did you keep them?

Mr. JAMES. Why did I keep them?

Mr. WHIPPLE. Yes.

Mr. JAMES. It is the practice for them to send a duplicate proof.

Mr. WHIPPLE. Why? Why does not one do?

Mr. JAMES. What did you say?

Mr. WHIPPLE. Why does not one do?

Mr. JAMES. The type is sometimes held to use in a future publication, and the duplicate proof is a convenience in identifying type that is held. I presume that is the reason for that duplicate proof being provided.

Mr. WHIPPLE. At all events, you say it is in the usual and ordinary course?

Mr. JAMES. That is the ordinary course; yes.

Mr. WHIPPLE. Have you not a place where you file and keep these copies or proofs of these important State papers, other than just dropping them in your drawer?

Mr. JAMES. Those that have lost their current character we have a place to file, but a thing of that kind I had in my drawer.

Mr. WHIPPLE. Then, will you say that the extra proof is sent there because it is needed for the purpose of identification, in keeping the type up, or something?

Mr. JAMES. I presume that is it.

Mr. WHIPPLE. Why did you not file it, so as to have it for reference?

Mr. JAMES. I say that those that are not of that character, which have, in a way, lost their current or confidential character, go into a regular file for future correspondence.

Mr. WHIPPLE. But this had not lost its character at 10 o'clock or 9 o'clock on December 20?

Mr. JAMES. No; and it was in my drawer at that time.

Mr. WHIPPLE. You realized that it had a very serious and, perhaps, momentous importance?

Mr. JAMES. Yes; I had a full realization of the importance of it.

Mr. WHIPPLE. And of the importance that no one should secure access to it?

Mr. JAMES. Certainly.

Mr. WHIPPLE. And you put it in there because you thought that was the safest place you had?

Mr. JAMES. It was.

Mr. WHIPPLE. Had you a safe?

Mr. JAMES. No.

Mr. WHIPPLE. No safe?

Mr. JAMES. No.

Mr. WHIPPLE. But you had this place where you could lock it up?

Mr. JAMES. Yes.

Mr. WHIPPLE. You have, perhaps, heard of the extreme precautions that were taken in the State Department with regard to this paper and copies going to the safe which they had provided, locking it, and assuring themselves that it was locked, shutting the transoms when they spoke of it, and seeing that no one was in the room when the stenographers were transcribing it, and their great care for every copy, have you not?

Mr. JAMES. Yes.

Mr. WHIPPLE. And you knew, of course, that those papers, and such a paper, was protected before it came to you in the most punctilious way?

Mr. JAMES. Yes; I felt that I was taking every precaution.

Mr. WHIPPLE. Did you leave them there overnight, when you went home the night of December 20?

Mr. JAMES. I think so.

Mr. WHIPPLE. And unlocked still?

Mr. JAMES. No. I always lock it when I am not there at night.

Mr. WHIPPLE. That is, you did lock that drawer that night?

Mr. JAMES. Yes.

Mr. WHIPPLE. And it was only during the day that you left it there unlocked?

Mr. JAMES. Oh, yes.

Mr. WHIPPLE. So at night it was locked?

Mr. JAMES. Yes.

Mr. WHIPPLE. And I take it with an ordinary sort of key—I mean one that was not very much of a security against a person who desired to get into that particular place?

Mr. JAMES. Yes.

Mr. BENNET. Mr. Whipple, because of my own ignorance, where were all the copies of this note on the 19th? Were they down in the Printing Office?

Mr. WHIPPLE. On the 19th, I think there were, as I remember it—and I may be wrong—there were six copies. Three had gone to the encodifying office; three had been taken with the original note of the President, in a sealed envelope and put into the——

Mr. BENNET (interposing). Safe?

Mr. WHIPPLE (continuing). Safe of the Secretary of State, and that safe locked; and that they were not taken from it until they were taken out by Mr. Woolsey; and, as I understood before, those three copies had been sent to Mr. James to prepare for the printer. You see, there were three that went to Mr. Salmon for codifying, and Mr. Bean, I had supposed up to this time, had three, but he says only two went to Mr. James, and those went for encodifying on the night of the——

Mr. BENNET (interposing). The night of the 18th?

Mr. WHIPPLE. Of the 18th.

Mr. BENNET. About half-past 7?

Mr. WHIPPLE. Yes, and the other three were kept in the safe of the Secretary of State until they were sent down to Mr. James the next day.

Mr. BENNET. You have accounted for five copies, apparently. Where was the sixth?

Mr. WHIPPLE. We have lost track of that, because——

Mr. CHIPERFIELD. One of the young men stenographers said he did not make a carbon.

Mr. WHIPPLE. I thought he said that he made one?

Mr. CHIPERFIELD. No.

Mr. WHIPPLE. I thought he did.

Mr. CHIPERFIELD. Which one do you think said that?

Mr. WHIPPLE. The second gentleman, whose name has escaped me just at this moment.

Mr. CHIPERFIELD. The first was Mr. Sweet, and the second was Mr. Howell, and the third was Mr. Vestal.

Mr. WHIPPLE. Then it was Mr. Howell?

Mr. GARRETT. Mr. Howell did say he made one.

Mr. CHIPERFIELD. Mr. Sweet was the first one; and Mr. Howell, if I remember, was the second one—the ballplayer.

Mr. LENROOT. He said he made one copy. I took it he meant only the original.

Mr. WHIPPLE. I took it he made one copy. I think he ought to be recalled, to be sure.

Mr. BENNET. I have not yet gotten another phase. Is this too public discussion?

Mr. WHIPPLE. It seems to me not.

Mr. BENNET. I have not yet gotten another thing, as to where what you might call the “loose” copies—those that were not in the Secretary's office—were during the time between the early hours of the 19th, when the codifying was completed, and the time when the printed copy got back to this witness, at 9 o'clock on Wednesday morning.

Mr. WHIPPLE. I had understood from the first testimony that there were copies and three carbons, and that three copies or carbons—that made six copies altogether——

Mr. BENNET. Yes.

Mr. WHIPPLE. That three of them were sent down to be encoded, and that after the codifiers had used them they put them into an envelope and sealed it and put it into the safe.

Mr. CHIPERFIELD. Mr. Counsel, how did you get the impression that three were sent down to be codified—because the men who codified said one took the first sheet and one the second?

Mr. WHIPPLE. I understood they said there were three copies. There were three different forms for the three different classes.

Mr. CHIPERFIELD. I believe that is right. I think you are right about it.

Mr. WHIPPLE. Yes; that was it, as I understood it. Then, that the carbons were kept in the Secretary of State's office until the next day, when the other three—that is, one set of each——

Mr. CHIPERFIELD. You are right about it.

Mr. WHIPPLE (continuing). As has been testified, was sent down to Mr. James; but Mr. James says he got only two of them, so there is one of them missing.

Mr. BENNET. At what hour of the day on the 19th did he say that he took the copies to the printing office?

Mr. WHIPPLE. I understood it was not fixed.

Mr. BENNET. Was it at six o'clock?

Mr. WHIPPLE. They were sent to you a little early, and you took them?

Mr. JAMES. I went over and got them and sent them to the printing office about 6 o'clock p. m.

Mr. WHIPPLE. Then, his proofs came back the next morning?

Mr. JAMES. Surely.

Mr. BENNET. It is still not clear in my mind where those two copies were.

Mr. WHIPPLE. They were in the printer's office all night.

Mr. LENROOT. They were in the Secretary's safe all that day, on the 19th.

Mr. WHIPPLE. Yes, the night of the 18th they were in the Secretary's safe, and during the next day, until they were delivered to this gentleman, Mr. James.

Mr. BENNET. Who delivered them to you, Mr. James?

Mr. JAMES. I went to Mr. Woolsey's room, and received them from him.

Mr. BENNET. And Mr. Woolsey said he took them out of the safe and gave them to this gentleman. The witnesses have not gotten the impression clear in my mind as to where they were on the 19th.

Mr. WHIPPLE. I am very glad to have gotten that cleared up. Those that went to the encoders were in the encoders' office; those that were reserved for Mr. James were in Mr. Lansing's possession. That is right; that as to one copy it has not been cleared up.

Mr. CHIPERFIELD. Assuming that the stenographer made an original and a carbon?

Mr. WHIPPLE. Yes.

Mr. CHIPERFIELD. Which I did not understand him to say he did.

Mr. WHIPPLE. Mr. Proctor says, in explaining about it, he so said before he took the stand.

Mr. BENNET. Then, there is a missing copy?

Mr. WHIPPLE. Yes; the one that was addressed to the neutrals.

Mr. BENNET. The one that was addressed to the neutrals may have been missing.

Mr. WHIPPLE. Query: Find the neutral.

Mr. CHIPERFIELD. I think it got him.

Mr. WHIPPLE. Well, there are indications. Now, then, how many copies or how many proofs were in the Government Printing Office or what was done with those there; you do not know?

Mr. CHIPERFIELD. Suppose we have Mr. Proctor call up the gentleman who was the second on the stand?

Mr. WHIPPLE. Mr. Howell?

Mr. CHIPERFIELD. Yes.

Mr. WHIPPLE. Would you like him to run down a moment?

Mr. CHIPERFIELD. No. I do not think it is necessary for him to come down. Tell him we are in doubt just what construction should be put on that answer, and ask him to construe it.

Mr. WHIPPLE. Yes; just what he meant by it. I think of no further questions to Mr. James.

Mr. LENROOT. How long did you say you kept this duplicate proof there, Mr. James? It is there yet?

Mr. JAMES. Yes.

Mr. LENROOT. Has it been there for any purpose all of this time?

Mr. JAMES. No; really not any special purpose.

Mr. LENROOT. You say that after they ceased to be matter of current interest you filed them?

Mr. JAMES. Yes.

Mr. LENROOT. Why did you not file this?

Mr. JAMES. Well, it has not been filed. It is to go into a vertical file, but it has not been put in that vertical file yet.

Mr. LENROOT. Has this question that has been raised had anything to do with your keeping it in that drawer all this time?

Mr. JAMES. No.

Mr. LENROOT. You do not usually keep papers in that drawer for that length of time, do you?

Mr. JAMES. Not usually, no.

Mr. LENROOT. Was there any reason for keeping this particular one?

Mr. JAMES. No; really none.

Mr. LENROOT. You said that you believed the completed print, that is, the completed copies, were delivered to you between 3 and 4 o'clock in the afternoon of December 20?

Mr. JAMES. Yes.

Mr. LENROOT. Was that your recollection?

Mr. JAMES. That is my recollection; yes.

Mr. LENROOT. Secretary Lansing testified that it reached your office, or was delivered to you, about 2.45 in the afternoon of that day—brought over in a sealed package, and delivered to Mr. Woolsey. Does that refresh your recollection any?

Mr. JAMES. My recollection is still as I have stated it. We had hoped to have it by about that time. We had hoped to have it a little earlier, but there was a delay in the note coming up at the time we had expected it, and my recollection is as I stated.

Mr. LENROOT. That it came to you between 3 and 4?

Mr. JAMES. Yes.

Mr. LENROOT. And was it delivered by you between 3 and 4, or immediately?

Mr. JAMES. It was delivered immediately that we received it. Mr. Duncan took it himself to the Secretary's office.

Mr. LENROOT. That is all.

The CHAIRMAN. I just wanted to ask one question. Where did you say your office is, Mr. James?

Mr. JAMES. It is in the third floor of a dwelling house, on the north side of the avenue; No. 1653 Pennsylvania Avenue, which is opposite the State, War, and Navy Building.

The CHAIRMAN. An annex to the State Department?

Mr. JAMES. Yes.

The CHAIRMAN. Whom did you say was on the second floor?

Mr. JAMES. The first and second floors are occupied by the office of the Foreign Trade Adviser.

The CHAIRMAN. The Foreign Trade Adviser?

Mr. JAMES. Yes; and his corps of clerks.

The CHAIRMAN. That is in the building where some of the solicitors have their offices?

Mr. JAMES. Formerly some of the solicitors were in that building.

The CHAIRMAN. Formerly?

Mr. JAMES. Yes.

The CHAIRMAN. Where are they now?

Mr. JAMES. They are in the main building.

The CHAIRMAN. In the main building?

Mr. JAMES. Yes.

The CHAIRMAN. It is an old residence, you say?

Mr. JAMES. Yes.

The CHAIRMAN. By the way, you could bring the copy that you speak of that you still have in that drawer to the committee, could you?

Mr. JAMES. Yes.

The CHAIRMAN. You still have that?

Mr. JAMES. Yes.

Mr. WHIPPLE. Two copies.

The CHAIRMAN. You will bring that in the morning?

Mr. JAMES. Yes.

The CHAIRMAN. Two copies?

Mr. WHIPPLE. You have a copy of each?

Mr. JAMES. Yes.

The CHAIRMAN. Then, whatever copies you have there, we will ask you to bring them here to-morrow at 10 o'clock.

Mr. JAMES. Yes.

The CHAIRMAN. You are excused.

Mr. WHIPPLE. Mr. Proctor can now report from Mr. Howell.

Mr. PROCTOR. Mr. Howell is sure he made at least one carbon, besides the original, and possibly two; he is not sure.

Mr. CHIPERFIELD. Mr. Howell is the second gentleman who was on the stand, of the stenographers, is he not?

Mr. PROCTOR. Yes.

The CHAIRMAN. Anything further, Mr. Whipple?

Mr. WHIPPLE. Not to-night. I understand the other witnesses go on at 10 o'clock.

The CHAIRMAN. Yes. The committee will take a recess until 10 o'clock to-morrow morning.

(Whereupon at 4.07 p. m. the committee adjourned until to-morrow, Thursday, February 8, 1917, at 10 o'clock a. m.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 8, 1917

PART 20

**WASHINGTON
GOVERNMENT PRINTING OFFICE**

1917

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGER- ENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., Thursday, February 8, 1917.

The committee met at 11.10 a. m., Hon. Robert L. Henry (chairman), presiding.

The CHAIRMAN. The committee will be in order. Mr. Whipple, who is your next witness?

Mr. WHIPPLE. Mrs. Visconti.

The CHAIRMAN. Mrs. Visconti, come forward.

TESTIMONY OF MRS. RUTH THOMASON VISCONTI.

The witness was sworn by the chairman.

Mr. WHIPPLE. Will you state your full name, Mrs. Visconti?

Mrs. VISCONTI. Ruth Thomason Visconti.

Mr. WHIPPLE. Would it be possible to raise your voice a little?

Mrs. VISCONTI. I will try to.

Mr. WHIPPLE. It is pretty difficult to hear in this very large room, Mrs. Ruth Thomason Visconti?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Where do you live, Mrs. Visconti?

Mrs. VISCONTI. 1721 Twenty-first Street NW.

Mr. WHIPPLE. In Washington?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. How long have you lived in Washington?

Mrs. VISCONTI. Four years.

Mr. WHIPPLE. What is your business or occupation?

Mrs. VISCONTI. I am a stenographer.

Mr. WHIPPLE. What?

Mrs. VISCONTI. Stenographer.

Mr. WHIPPLE. Where are you employed as a stenographer?

Mrs. VISCONTI. With Mr. Duane Fox, in the Washington Loan & Trust Building.

Mr. WHIPPLE. Is that a firm?

Mrs. VISCONTI. Mr. Fox, and his sons are his associates.

Mr. WHIPPLE. Two sons are associated with Mr. Duane Fox?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. How long have you worked there as stenographer?

Mrs. VISCONTI. It will be four years on the 30th of May.

Mr. WHIPPLE. Have you worked there continuously?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. For four years.

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Is your work the ordinary work of a stenographer in a law office?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. That is, the taking of dictation?

Mrs. VISCONTI. And transcribing.

Mr. WHIPPLE. And transcribing?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. And drawing different legal papers?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. And taking letters?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. And that comprises your entire work?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. What are your hours of work, or what have they been?

Mrs. VISCONTI. From 9 until 5, sometimes later.

Mr. WHIPPLE. You reach the office by 9 o'clock?

Mrs. VISCONTI. Nine.

Mr. WHIPPLE. And then, except for luncheon, you are in constant attendance in the discharge of your duties?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Is that so on Saturday as well?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. And throughout the day?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Will you state the names of the partners? You said Mr. Duane Fox and the two sons?

Mrs. VISCONTI. And his two sons, Mr. Frank Boughton Fox and Mr. Newton K. Fox.

Mr. WHIPPLE. Are there other employees of the firm than yourself?

Mrs. VISCONTI. Yes. Mr. Arthur S. Brown has offices with Mr. Fox, joint offices.

Mr. WHIPPLE. And what other employees are there? You need not trouble yourself to give the names.

Mrs. VISCONTI. Mr. Brown's secretary.

Mr. WHIPPLE. And any others?

Mrs. VISCONTI. Not just now.

Mr. WHIPPLE. Then you take the dictation for the firm?

Mrs. VISCONTI. Well, Mr. Brown's secretary and myself.

Mr. WHIPPLE. That is, there are two of them?

Mrs. VISCONTI. Yes, it depends on who are the busiest.

Mr. WHIPPLE. There are two of you employed?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Where were you employed prior to four years ago?

Mrs. VISCONTI. In New York.

Mr. WHIPPLE. Would you mind stating what is your native State?

Mrs. VISCONTI. Kentucky.

Mr. WHIPPLE. Kentucky?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. And you lived there during your girlhood, I take it?

Mrs. VISCONTI. My childhood.

Mr. WHIPPLE. Or your early childhood?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. How long have you been a stenographer?

Mrs. VISCONTI. Since 1903.

Mr. WHIPPLE. So that you have followed that occupation now for several years?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Now, do you remember at some time of hearing here in Washington some suggestions as to advance information with regard to a communication of the President which has come to be called the peace note? I mean you heard——

Mrs. VISCONTI (interposing). I saw it in the newspapers.

Mr. WHIPPLE. I mean you saw something about it in the newspapers?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Let me ask you this first: Have you any personal knowledge with regard to any such advance information?

Mrs. VISCONTI. Not——

Mr. WHIPPLE (interposing). And when I speak of personal knowledge, I mean did you yourself hear any such information given, or see——

Mrs. VISCONTI (interposing). No.

Mr. WHIPPLE (continuing). Any writings that indicated any such thing?

Mrs. VISCONTI. No.

Mr. WHIPPLE. You had not anything of that sort?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. Now, just let me ask you whether anyone who said that he or she had given advance information, has ever stated such a fact to you, that is, has ever admitted that the person speaking to you gave any such information?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. It has been called to the attention of the committee that you communicated, during the days when hearings were being held, to Mr. Thomas W. Lawson that you had some information that you thought was of value——

Mrs. VISCONTI (interposing). True.

Mr. WHIPPLE (continuing). In assisting the committee in ascertaining as to whether, in point of fact, advance information was given?

Mrs. VISCONTI. That is true.

Mr. WHIPPLE. I have here a letter dated January 10, 1917. May I trouble you to look at it, Mrs. Visconti——

Mrs. VISCONTI (interposing). Yes, sir.

Mr. WHIPPLE (continuing). And state whether or not that is your letter?

Mrs. VISCONTI. That is mine.

Mr. WHIPPLE. And you sent that to Mr. Lawson?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Did you know Mr. Lawson at the time except by reputation?

Mrs. VISCONTI. I did not.

Mr. WHIPPLE. You had never met him?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. I understand that the information that you had came not from any one who was supposed himself or herself to have given advance information, but came from some one who had learned

from some one else of such circumstances or such advance information?

Mrs. VISCONTI. That is correct.

Mr. WHIPPLE. And therefore you thought that information would give a clue to the committee?

Mrs. VISCONTI. I thought it would be of value to the committee to find out its truth or falsity; yes, sir.

Mr. WHIPPLE. Did you expect, when you wrote to Mr. Lawson, that you yourself would be called upon as a witness?

Mrs. VISCONTI. I did not have any such idea. At the same time I told Mr. Lawson that I would not ask him, if it had to be given out, not to give it out.

Mr. WHIPPLE. That is what you stated to Mr. Lawson?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. And your purpose was to give helpful information to the committee?

Mrs. VISCONTI. That could be investigated.

Mr. WHIPPLE. So that they could make their investigation——

Mrs. VISCONTI (interposing). Yes, sir.

Mr. WHIPPLE (continuing). On the basis of the information that you gave?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Did you have any other purpose in giving this voluntary communication?

Mrs. VISCONTI. None whatever.

Mr. WHIPPLE. Simply to aid the committee by making a suggestion——

Mrs. VISCONTI (interposing). Yes, sir.

Mr. WHIPPLE (continuing). As to the course that it might pursue?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Did you tell Mr. Lawson when you had your interview with him that your information came not from any participant in giving advance information but from some one who told of another who was?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. And for the purpose that you have indicated?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. On page 281 of the record there is this testimony by Mr. Lawson:

She—

That is, referring to Mrs. Visconti, yourself——

Stated to me in substance that Mr. William D. Price, Washington correspondent of the Washington Star, had acted as a go-between in the leak affair between the President's Secretary, Mr. Tumulty, and others, and that he had received \$5,000 cash for it, and that Mr. Tumulty had received a much larger sum.

Mrs. VISCONTI. That was what was told me.

Mr. WHIPPLE. Yes. That is, I understand you now to state that you did not tell Mr. Lawson that as a fact, but that you told him that you had been told——

Mrs. VISCONTI (interposing). I told him how I received and from whom I received my information.

Mr. WHIPPLE. That is, you told him it was information which you had and you told Mr. Lawson the person who gave it to you?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. That is, the source of your information?

Mrs. VISCONTI. Yes, sir.

Mr. WHIPPLE. Mr. Chairman and gentlemen of the committee, I understand that under the order of Congress under which you are acting you have the right to require the statement of sources of information, even though they be hearsay, that enable you to follow up any suggestions that are given to you as to participants in such transactions?

The CHAIRMAN. That is a fact, and a part of the resolution.

Mr. WHIPPLE. The matter having appeared on the record, then, I feel that, under the instructions of the committee, I am to ask the witness to give the source of the information which she gave to Mr. Lawson and which now appears on the record.

The CHAIRMAN. My mind was distracted for a moment. I did not catch your remarks to the chair.

Mr. WHIPPLE. I said I understand it to be my duty, under the resolution and under the instruction of the committee, to request the witness to give the source of her information, merely to enable the committee to follow up that line of investigation, to ascertain the truth or falsity of whatever may thus be discovered.

The CHAIRMAN. The chair understands that to be the wish of the committee.

Mr. WHIPPLE. Yes. Will you state the person who gave you the information which you turned over to Mr. Lawson?

Mrs. VISCONTI. Mr. Whipple, I wish first to say that I claim my constitutional right.

Mr. WHIPPLE. I beg your pardon?

Mrs. VISCONTI. I wish first to say that I claim my constitutional right.

Mr. WHIPPLE. Yes.

Mrs. VISCONTI. And I wish——

Mr. WHIPPLE (interposing). I did not quite understand—I beg your pardon.

Mrs. VISCONTI. I say, I wish to claim my constitutional right, and I wish to ask the committee that I may give this name in executive session, because it will do irreparable injury to my informant.

Mr. WHIPPLE. Mr. Chairman and gentlemen, I think I am not called upon to pass upon the reasonableness of it, but I submit it to the committee.

Mr. BENNET. I move, Mr. Chairman——

The CHAIRMAN (interposing). If the committee should require you to give the name, without going into executive session, and should say that that is their wish, would you not be willing to give it?

Mrs. VISCONTI. Not willing, no, sir.

The CHAIRMAN. You would not be willing?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. I think the witness means she would not do it willingly. You do not mean that you would refuse to do it?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. But that you would not do it willingly or with pleasure?

Mrs. VISCONTI. Yes.

The CHAIRMAN. The committee thinks that nothing could be accomplished in executive session, and they will require you to give the name.

Mrs. VISCONTI. Well, may I——

Mr. CHIPERFIELD (interposing). May I suggest that it might perhaps not be out of place for the record to show that the matter had already been determined in executive session?

The CHAIRMAN. That is quite true.

Mr. BENNET. I was not present at the executive session, and I want the reporter to note——

The CHAIRMAN (interposing). The committee has determined that question in executive session.

Mr. HARRISON. I understand that Mr. Bennet wants to dissent?

Mr. BENNET. I dissented, and I take the position publicly that the request of the witness ought to be granted, in my judgment.

The CHAIRMAN. Mr. Bennet, you were not present with the committee this morning. Anticipating this question, they decided this very proposition.

Mr. BENNET. As a member of the committee, I have the right to have my dissent entered on the record.

Mr. LENROOT. I do not think the question was considered as to whether it should be given in executive session. I see now that nothing could be accomplished by having it given in executive session, but I do not think the committee has ever acted upon that proposition because it has never been before the committee.

Mr. CHIPERFIELD. Then I move that the committee go into executive session—well, I do not think I will go any further. My position is well understood. I made myself clear in executive session and I am bound by the action of the committee.

Mr. POT. I announce myself with Mr. Chiperfield.

Mr. HARRISON. If it is given in executive session, it is going to come out.

Mr. CHIPERFIELD. It must be given out, then.

The CHAIRMAN. I think the Chair understands the judgment of the committee, and unless they desire a vote to go into executive session, the Chair will adhere to the former ruling and say, Mrs. Visconti, that the committee will require you to give the name of your informant.

Mr. WHIPPLE. Mr. Chairman and gentlemen, Mrs. Visconti has stated that she desired to stand upon her constitutional right. I am not myself quite sure what that means. Perhaps that has not been considered by the committee. If Mrs. Visconti would amplify that a little, or if her employer, who is a lawyer, as I understand it, of high standing, has suggested to her, or any friend or adviser has suggested that she should do that, possibly that ought to be considered. I must confess that it occurred to me that she might mean that such a communication as she had was privileged, and that inasmuch as it was not within the ordinary rules of testimony admissible, that possibly they might desire to raise that question, in spite of the broader mandate which has been given to this committee by Congress. I am speaking with deference, Mr. Chairman, and gentlemen of the committee, merely to direct the attention of the committee to that part of Mrs. Visconti's protest.

The CHAIRMAN. Would you mind stating a little more fully what you mean by claiming your constitutional right?

Mr. POU. Before the witness answers that question, I would like to say this: That she states that if she gives this name she thinks it will do irreparable injury, and she claims what she calls her constitutional right. It seems to me that we might well devote a little while in executive session——

The CHAIRMAN (interposing). The Chair has not the slightest objection to that, but it first wanted to develop what rights she claimed.

Mr. CHIPERFIELD. I think she ought to state her right here.

The CHAIRMAN. Let us find out what right she claims.

Mr. FOSTER. She claimed it as her constitutional right.

Mr. CHIPERFIELD. But if she discloses it, it is not a constitutional right.

Mr. LENROOT. Mr. Whipple, could she give us a little information as to the nature of her constitutional right?

Mr. WHIPPLE. In other words, with the evident reluctance of the witness, it seems to me that we ought not to pass over without consideration a suggestion, although inaccurately stated, of a right on her part to refuse to disclose a reason, or a further reason, if there be one, why she should not answer. In other words, I know that the committee would not wish to override any objection that she might make without the most careful consideration of it.

Mr. CHIPERFIELD. She ought to state the basis of her constitutional right, although she does it very inartificially.

Mr. WHIPPLE. That is what I understand the chairman to ask.

The CHAIRMAN. See if she can not develop that point.

Mr. POU. Can not she do that in executive session?

Mr. WHIPPLE. It may well be that Mrs. Visconti can not state her reasons because she has been advised about it, but the question put by the chairman will bring out a response.

The CHAIRMAN. Let us hear a little more fully what you mean by claiming your constitutional right, Mrs. Visconti, and then if there is any constitutional right involved, the committee will immediately go into executive session, I think I might say, and take up that question.

Mrs. VISCONTI. Well, I think that this should be given to you in executive session, so that you can realize just what I mean by it; that I can not tell it.

The CHAIRMAN. You mean an amplification of what you claim as a constitutional right should be given in executive session or that the information should be given in executive session?

Mrs. VISCONTI. Why, the information.

The CHAIRMAN. Well, but I am speaking now of the constitutional right. You say you claim a constitutional right?

Mrs. VISCONTI. Yes, sir.

The CHAIRMAN. Now, if you could just state a little more fully what you mean by that constitutional right?

Mrs. VISCONTI. Well, any questions that might not deal directly with this alleged leak.

Mr. CHIPERFIELD. That would go to the competency of the evidence.

Mr. POU. You would be willing to give to the committee fully what you conceive to be your grounds in executive session?

Mrs. VISCONTI. Perfectly willing.

The CHAIRMAN. You think, then, that some other question might be involved that would give you the guarantee of some constitutional right?

Mrs. VISCONTI. I do not know.

Mr. CHIPERFIELD. May I suggest that Mr. Whipple state to her what her constitutional right would be, and then she could see if there was anything in that statement. There is only one constitutional right.

Mr. WHIPPLE. I gather something of what she may mean. It is rather a challenge to the right of the committee to force her to give this sort of information which certainly under the rules of law does not tend to prove the thing that she says, and it would not ordinarily be put in except for the extraordinary mandate of Congress to this committee.

If I were to frame it from the hint that Mrs. Visconti has suggested, she wishes to raise the question as to whether, from a citizen, information can be forced when it is not pertinent to the subject matter of the inquiry, but points out merely an avenue for the ascertainment of information which would be pertinent to the inquiry.

If I catch her thought, it is that such information which would lead to the ascertainment of evidence which would be admissible and which would either prove or disprove something, ought to be given in private to the committee, because they could then utilize the information and go directly to the point indicated for the information; that while all legal evidence which would tend or prove or disprove charges or suggestions should be given in the open, I think the thought may be that the information which will lead the committee or may lead the committee to the evidence which does prove or disprove, ought to be given for their private hearing. Is that the idea?

Mrs. VISCONTI. That is my idea.

Mr. WHIPPLE. That is your thought?

Mr. VISCONTI. Yes, sir.

The CHAIRMAN. Let me ask you one further question: Mrs. Visconti, have you been advised by counsel that if you answered this question now, without being required to do it, that some constitutional right that you have might be waived and that you might not be protected in your constitutional right?

Mrs. VISCONTI. Oh, that would not be waived.

The CHAIRMAN. But have you been advised by counsel?

Mrs. VISCONTI. I have no counsel.

The CHAIRMAN. You have not been advised by counsel?

Mrs. VISCONTI. No, sir.

The CHAIRMAN. I meant to say "violated" instead of "waived." That your constitutional right would be violated and at this point you think you should raise the question?

Mrs. VISCONTI. I do not think the committee would do that.

The CHAIRMAN. No; the committee would not do that, but of course we want to be fair.

Mrs. VISCONTI. No; I say I do not think that would be done.

The CHAIRMAN. And you prefer at this time that the committee should hear you, though, before you——

Mrs. VISCONTI (interposing). In executive session.

Mr. CHIPERFIELD. May I suggest this: That when a witness raises a question of constitutional right it is a question of the highest privilege. Nobody can state the objection. It has been held by many decisions that nobody can state a constitutional objection, or frame it for the witness on the stand, except the witness himself or herself. If the lady insists upon any constitutional objection, no matter how inartificially she may frame it, if she will give the committee the thought in her mind, then it becomes our duty in the most deliberate way to consider her objection.

The CHAIRMAN. Mr. Chiperfield, in view of the developments, and what has been said, the Chair desires to have the judgment of the committee in executive session.

Mr. CHIPERFIELD. But you do not get my idea. Nobody can state a constitutional objection for any person but the person who advances it.

The CHAIRMAN. I have got the idea precisely, and that is the very reason I have changed my views and decided to have an executive session.

Mr. CHIPERFIELD. But before we do that, ought it not to be stated, even though it be stated inartificially, by the witness herself?

Mr. HARRISON. May I offer this suggestion: That probably the witness might just as soon write on a piece of paper the name of her informant and give it to the committee, without disclosing the name, as to go into executive session and give it? It would save some time if she would do that.

Mr. POU. Then how are you going to put it in the record?

Mr. BENNET. That would be satisfactory. It would not necessarily have to go in the record.

Mr. WHIPPLE. If I caught Mrs. Visconti's thought, it was this: That while she would not hesitate to give evidence which would prove or disprove any proposition before the committee, and give it publicly, that the information which she gave for the benefit of the committee and its assistants in leading them to the next witnesses who might be called, who would have some knowledge, ought to be considered for the time being confidential. Is that your idea?

Mrs. VISCONTI. Yes, sir. But if the committee knew, they would understand.

Mr. CANTRILL. I would like to submit this proposition for the lawyers on the committee. Until the direct question has been put to the witness by the counsel, how can she tell whether or not the committee is treading on her constitutional rights? It seems that the regular procedure here would be for the counsel to propound such questions to the witness as his judgment dictates should be propounded. Then after that question is propounded, if the witness feels that that question tramples on her constitutional rights, then she can decline to answer, and then the committee can consider her declination to answer. It seems to me that is the only orderly procedure to take.

Personally, in this connection, I want to make this statement as a member of the committee: That I do not see any reason, in the examination of this witness, why the procedure should be any different from the examination of any other witness who has been on the stand, and, for one, I am opposed to any names being given in executive session or any testimony being taken in executive session.

The CHAIRMAN. You understand, Mr. Cantrill, there was a little more than the giving of names involved. The witness stated that she wanted to present some question which she thought would involve the constitutional right that she claims in addition to the giving of the names.

Mr. CANTRILL. My idea is that counsel can ask the question, and if she feels that it tramples on her constitutional right, she has a perfect right to decline to answer, and then when she declines to answer, this committee can go into executive session and determine what course it shall take on that declination.

Mr. FOSTER. It seems to me she had already done that when this question was asked her; that she had claimed her rights under the Constitution, as she expressed it, and has given her reasons why she feels that she should not be required to answer that question.

Mr. HARRISON. I move that we go into executive session to determine what we are going to do.

The CHAIRMAN. You have heard the motion that the committee go into executive session to determine this question. Those in favor—

Mr. CANTRILL (interposing). What is the question to be determined in executive session?

Mr. HARRISON. As to how we are going to proceed.

Mr. WHIPPLE (after consulting with the committee). Mrs. Visconti, I am instructed by the committee to ask you this question, as to whether your informant was a person in official life in Washington?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. It was not?

Mrs. VISCONTI. It was not.

Mr. WHIPPLE. That is, no one in official life, either a Senator or member of the Cabinet or the House?

Mrs. VISCONTI. Not even a Government clerk.

Mr. WHIPPLE. Not even a Government clerk or employee?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. Was the informant a member of the family of any one in official life?

Mrs. VISCONTI. Not in official life.

Mr. WHIPPLE. Not in official life?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. It was not?

Mrs. VISCONTI. No, sir.

Mr. WHIPPLE. That, of course, limits—

Mr. POU (interposing). I ask unanimous consent that we go into executive session.

The CHAIRMAN. You have heard the request made by Mr. Pou. Is there objection on the part of any individual member of the committee?

Mr. CANTRILL. I object.

Mr. HARRISON. I move that we go into executive session.

(The question was taken.)

The CHAIRMAN. The ayes seem to have it; the ayes have it, and it is so ordered.

Mr. CANTRILL. I voted no.

(Thereupon, at 11.45 a. m., the committee went into executive session, after which it resumed in open session.)

The CHAIRMAN. The committee will be in order. Come back to the stand, Mrs. Visconti. Proceed, Mr. Whipple.

Mr. WHIPPLE. Mrs. Visconti, I am instructed by the committee to say that heretofore in the pursuit of their investigation they have received names from witnesses confidentially, a course which it was believed would enable them to reach those persons who know of the actual facts and questions, and that under that precedent they will receive from you a statement of the name of the person whom you had in mind, written, if you please, on a piece of paper, to be handed to the committee, with the understanding, however, if the necessities of this investigation seem to require that the name shall be made public, that the committee will be under no restriction as to the use of the name itself, the purpose of the committee then being to proceed as soon as may be along the lines of the disclosure you have made and the name you have given.

Is it agreeable to you, therefore, to write that name and hand it to the chairman for the purposes indicated, and without restriction as to its use?

Mrs. VISCONTI. Yes, Mr. Whipple.

Mr. WHIPPLE. You can take this chair over here, if it is more convenient.

Mrs. VISCONTI. That is all right.

The CHAIRMAN. Here is a pad that you can write on.

Mrs. VISCONTI. Thank you.

The CHAIRMAN. Let us have order.

(The witness wrote on a paper which was handed to the committee.)

Mr. WHIPPLE. Mr Chairman and gentlemen, in view of the disclosure there made, I would like to suggest whether the committee will not at once suspend the examination of Mrs. Visconti and call another witness?

The CHAIRMAN. The Chair understands that to be the desire of the committee. Mrs. Visconti, you may stand aside for the present.

Mrs. VISCONTI. Yes, sir.

The CHAIRMAN. The committee may desire you again.

Mrs. VISCONTI. Thank you.

The CHAIRMAN. Who is your next witness?

Mr. WHIPPLE. Mr. Price.

ADDITIONAL TESTIMONY OF WILLIAM W. PRICE.

The CHAIRMAN. You have been sworn, Mr. Price?

Mr. WHIPPLE. Mr. Price, may I direct your attention to page 281 of the printed record in this case, in which Mr. Lawson, a witness then before the committee, stated as follows:

She—

Referring to Mrs. Ruth Thomason Visconti—

stated to me in substance that Mr. William D. Price, Washington correspondent of the Washington Star, had acted as a go-between in the leak affair between the President's Secretary, Mr. Tumulty, and others, and that he had received \$5,000 cash for it and that Mr. Tumulty had received a much larger sum.

Did you at any time between the 18th and 20th of December or on the 20th of December have any conversation with the President's Secretary, Mr. Tumulty, on the subject matter of the President's peace note?

Mr. PRICE. Never, sir, never.

The CHAIRMAN. A little louder, Mr. Price.

Mr. PRICE. Not at all gentlemen, not at all.

Mr. WHIPPLE. Or on the question as to how the President was employed or what he was doing or whether he was sequestering himself for the purpose of some unusual performance of public duty?

Mr. PRICE. No, sir. I had no conversation of the sort with the secretary, and I think the President himself has said to the committee that Mr. Tumulty knew nothing of the note, and consequently I could not have had anything. I say to you, leaving that out, that Mr. Tumulty never mentioned the note to me at any time, or that the President was writing anything of any sort.

Mr. WHIPPLE. Did you see Mr. Tumulty on his return from New York and prior to your sending the two telegrams which you stated the other day you did send?

Mr. PRICE. I did not see Mr. Tumulty at all on this subject that day, because I did not want to go near him about a matter that he might know something about. I would not want to embarrass him. I did not know whether he did or did not know anything about it. I never went near his room at this date and asked him about the peace note or anything else.

Mr. WHIPPLE. My question is a little broader than that.

Mr. PRICE. Yes, all right; I will be glad to answer it fully.

Mr. WHIPPLE. Did you see or speak to Mr. Tumulty——

Mr. LENROOT (interposing). Mr. Whipple, can you locate what he means when he says "that day" or "at this date"?

Mr. WHIPPLE. That refers to the 20th?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, at any time earlier than that and after Mr. Tumulty's return from New York, which I think was on the afternoon of December 18——

Mr. PRICE (interposing). No, sir; I had not talked with Mr. Tumulty——

Mr. WHIPPLE (interposing). Pardon me just a moment. I had not finished the question.

Mr. PRICE. All right. I beg your pardon.

Mr. WHIPPLE. At any time during the 18th, 19th, or 20th, did you have any conversation with Mr. Tumulty at all?

Mr. PRICE. Conversations? Yes, sir; I talk with him every day.

Mr. WHIPPLE. I am not asking about talking every day, Mr. Price, and let me direct your attention specifically to my question.

Mr. PRICE. I will try and see, Mr. Whipple, just exactly what you are saying to me.

Mr. WHIPPLE. It has appeared in evidence that Mr. Tumulty was in New York on Sunday and came to Washington some time on Monday, probably reaching here Monday evening.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, did you see him Monday evening, December 18?

Mr. PRICE. December 18, Monday evening?

Mr. WHIPPLE. Yes.

Mr. PRICE. No, sir; I did not see him Monday evening, but I saw him during the day, I think.

Mr. WHIPPLE. On Monday?

Mr. PRICE. Yes, sir; I assume so. I was on duty there at the time.

Mr. WHIPPLE. But it was on Monday night that he arrived here from New York.

Mr. PRICE. No, sir; I never saw him at nighttime in my life that I——

Mr. WHIPPLE (interposing). That is what I was asking you. Now, let me call your attention to the next day.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. That was on Tuesday?

Mr. PRICE. What date?

Mr. WHIPPLE. The 19th.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. The day before you sent these telegrams. Let me again lay the telegrams before you so that you can refresh your recollection as to the date.

Mr. PRICE. I remember.

Mr. WHIPPLE. Now, the day before those telegrams were sent did you see Mr. Tumulty?

Mr. PRICE. Did I see him the day before?

Mr. WHIPPLE. Yes.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, will you tell us what time you went to the White House press room that day?

Mr. PRICE. I went to the White House about 10 o'clock in the morning, because that is the time Mr. Tumulty sees the newspaper men. I saw him with the others along in the open where all of them were, and possibly I may have seen him in his office later in the day, because I frequently went into the assistant secretary's office to see Mr. Forster or Mr. Brahany. I may have seen him once, twice, or three times, or I may not have seen him again during the day, because I do not recall.

Mr. WHIPPLE. Now, you see, Mr. Price, that that is very general, and I think the committee would like to have you focus your memory on that date as far as possible.

Mr. PRICE. I will do everything I can.

Mr. WHIPPLE. And reproduce the events and the succession of events on that day.

Mr. PRICE. You mean on the day before?

Mr. WHIPPLE. Yes; the day before. Thank you. I began, you see, with the 18th, really, and now I want to know what your memory is about how many times you saw Mr. Tumulty that day, and where in the White House, and what you talked about.

Mr. PRICE. Well, sir, I will be glad to give you—I am not trying to hold back anything, Mr. Whipple. I would like to make that plain. But a man in his daily duties, seeing men in his daily duties going in and out, certainly can not go back and say anything he was talking about. I may have seen him in the hall and asked him about the news, or something like that. I probably would have seen him, because I did not know just what was coming up. I do that every day. I have been in the habit of doing it and have done it every day, the same as I would go to see any man on business about anything.

Mr. WHIPPLE. That is right, Mr. Price. You see, that is perhaps a very full explanation of what you do not perhaps remember,

but it is not an application of your mental faculties to determine whether you did see him.

Mr. PRICE. I could not tell. I presume I did see him.

Mr. WHIPPLE. Have you any memory?

Mr. PRICE. No, sir; but I must have seen him. I surely do not think you want to put me in the position of wanting to conceal something about Mr. Tumulty.

Mr. WHIPPLE. No, sir; and that is why——

Mr. PRICE (interposing). That is perfectly plain, but I could not remember everything that came along. I may have and probably did. I will say yes, on the general assumption that my business carried me to him during the day. Something would come up and I would get a query from my office, and I would say to Mr. Tumulty, "Do you know anything about it?" but to attempt to say, "Yes, I did"—I will say, "Yes; I probably did." I am pretty sure I did. Anybody will say that to you.

Mr. WHIPPLE. Now, we have gotten so far, and that is that you probably saw him that day?

Mr. PRICE. Why, sure, I probably did.

Mr. WHIPPLE. Now, have you any memory of what was said?

Mr. PRICE. No memory particularly, because little routine items coming up—I have a distinct memory that it was not anything on this subject.

Mr. WHIPPLE. I am not asking you anything about "on this subject," but I am asking you broadly a question about what you did talk about with Mr. Tumulty that day.

Mr. PRICE. I could not tell in the world. It would be impossible.

Mr. WHIPPLE. Then will the committee understand your answer to be this in substance: That while undoubtedly you saw Mr. Tumulty on the 18th during the day——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). And may have seen him several times——

Mr. PRICE (interposing). You mean the 19th?

Mr. WHIPPLE. The 19th, yes, sir; thank you.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE (continuing). That you have no memory whatever of anything you talked about that day?

Mr. PRICE. No distinct memory. If somebody could recall it to me, I would tell you frankly if I did.

Mr. WHIPPLE. Have you given it all the thought that you want to give it?

Mr. PRICE. Within this limited means; I have; yes, sir.

Mr. WHIPPLE. Would you like a longer time for thought to stimulate your memory?

Mr. PRICE. I do not see how any stimulation on earth could bring back something that passed out of my mind every day with each day's performance.

Mr. WHIPPLE. Then I take it that your answer is that you do not care for any further time to think about it.

Mr. PRICE. I do not need any, because I do not think I could give you anything particular that I did speak about. I do not remember; and saying "I do not remember" is not for the purpose of trying to put a blanket over something because I could not remember any

detail of it. I was there every day going in and out, and asking him little kinds of things that would probably pass out in a minute.

Mr. WHIPPLE. But you can not remember any of those little things on that day?

Mr. PRICE. No, sir; if I could go back to the files that I wrote on my paper I might recall.

Mr. WHIPPLE. That is a very helpful suggestion; would you be willing to do it?

Mr. PRICE. I would be willing to try to do it.

Mr. WHIPPLE. That is constructively helpful.

Mr. PRICE. But it would not enable me to remember the precise questions I asked that day.

Mr. WHIPPLE. That is very true. I can see it and you have explained very clearly——

Mr. PRICE (interposing). I hope I have.

Mr. WHIPPLE (continuing). All the difficulties of memory but what I want you to apply your mind to is to getting the things that you can remember.

Mr. PRICE. All right sir; I will do all I can.

Mr. WHIPPLE. And give all the help to your memory you can?

Mr. PRICE. I will do all I can.

Mr. WHIPPLE. I hope you realize the importance of it.

Mr. PRICE. I do, sir.

Mr. WHIPPLE. Do you keep a diary?

Mr. PRICE. No, sir.

Mr. WHIPPLE. Nothing of the sort?

Mr. PRICE. No, sir.

Mr. WHIPPLE. Then you will not get help there, but look in your files or archives?

Mr. PRICE. Yes, sir. I do not remember what was said that day, but I will look and see, and I will let you know if there is anything.

Mr. WHIPPLE. Do you think of any other books or memoranda that you could sift out that would aid your memory as to what was transpiring that day and what your conversations were with Mr. Tumulty or any of the assistants in the office?

Mr. PRICE. No, sir; I do not remember anything else. I have no other means.

Mr. WHIPPLE. That is, your files of newspapers——

Mr. PRICE (interposing). I will look up my files and see whether anything could refresh my memory there, or ask any of the boys. I will do all I can to assist you on that line.

Mr. WHIPPLE. Was it usual for you, when matters came up in regard to which you wanted information for your paper, to make application to Mr. Tumulty to give you information?

Mr. PRICE. Very customary. Sometimes I would do it often in the course of a day.

Mr. WHIPPLE. That was a daily occurrence?

Mr. PRICE. A daily occurrence.

Mr. WHIPPLE. Now, did you discriminate and distinguish in your seeking for information between that which you desired to get for the purpose of your paper and that which you desired to get for the purpose of rendering information to Mr. Aldrich in Chicago, and the firm of Clement, Curtis & Co., and Finley Barrel?

Mr. PRICE. There could be no discrimination, in my opinion. My main purpose was my newspaper business. This other thing was a little side business that I never gave a thought to outside. I would not go to Mr. Tumulty and ask him about a matter of that sort, or anything of that sort.

Mr. WHIPPLE. Now, I am not sure whether I get your answer, but it is a very clear question. May I ask you to focus your mind, if you please——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE. It has appeared that you were habitually asking Mr. Tumulty for information upon subject matters within his knowledge on which you wanted to be informed for the purposes of your newspaper?

Mr. PRICE. That is right.

Mr. WHIPPLE. Now, it appears, and you have stated very frankly to the committee, that from time to time you were in the habit of sending to these two brokerage firms in Chicago——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). Information which you garnered or gleaned in Washington of the character that they desired to be informed on. That is so, is it not?

Mr. PRICE. Well, you say "information." I told the committee that those were my opinions.

Mr. WHIPPLE. Well, opinions or whatever you call them, and of the character represented in these two telegrams, Price 1 and Price 2? That is right, is it not?

Mr. PRICE. Well, I have sent——

Mr. WHIPPLE (interposing). Do not get aside. You have said that aside from your newspaper work you were in the habit of sending and under engagement——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). To send to these two brokerage firms certain information or opinions or whatever it may be?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, then, we have it fixed that you were in the habit of going to Mr. Tumulty for assistance and information in connection with the things that you wanted to find out, and of which he had knowledge, for your newspaper?

Mr. PRICE. Newspaper; yes, sir.

Mr. WHIPPLE. Now, I ask you whether there was any difference in your habits in that respect between the things which you were seeking daily to get information of from Mr. Tumulty for your newspaper, and the things which you were trying to ascertain about regarding which you sent communications to the two brokerage firms?

Mr. PRICE. Well, sir, concentrating my mind, I think I would—with my idea and what I have told you of the ethics of the profession myself, there would be a very distinct difference.

Mr. WHIPPLE. I am not asking whether there would be, but I am asking you whether there was?

Mr. PRICE. There was, to me. There was, absolutely.

Mr. WHIPPLE. Now, I understand your statement to the committee to be that in regard to the things of which you wanted information for your newspaper you consulted with Mr. Tumulty daily——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). To get information which you could best get from him?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. But when you wanted to find out something regarding which you were going to telegraph the two brokerage firms in Chicago you never consulted him?

Mr. PRICE. I did not consult Mr. Tumulty, and would not.

Mr. WHIPPLE. Why not?

Mr. PRICE. Why not, gentlemen? Because I was placed in a position, as I explained to you, of what I considered confidence at the White House, and I sought always to keep that. And these little matters that I stated as my opinions, I would not go to Mr. Tumulty and ask him anything, because I did not feel that I would want to ask him on any subject about these side matters at all, so that if anything should happen, Mr. Tumulty or no other man's name could be honestly, fairly, or truthfully brought into it at all. I made that discrimination very clearly at the White House. My newspaper relations were with my newspaper. This other business was on the side, a business of just merely giving an opinion when I was asked, "What do you think is going to happen?" I would not go to Mr. Tumulty or any other man in the White House with the possibility that that business might eventually make some trouble if he told me.

Mr. WHIPPLE. Now, may I direct your mind back to this: These bits of information or whatever you call it that you sent to the brokers, you knew they wanted to be accurate, did you not?

Mr. PRICE. You mean I wanted them to be accurate?

Mr. WHIPPLE. Yes.

Mr. PRICE. I knew that they wanted them to be accurate.

Mr. WHIPPLE. Pardon me?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. You knew that the brokers wanted them to be accurate?

Mr. PRICE. Yes, sir; as accurate as I could get them.

Mr. WHIPPLE. If they were not accurate they were worse than useless to the brokers?

Mr. PRICE. That is probably so.

Mr. WHIPPLE. That is right?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. That is, it would get them into difficulties instead of being profitable if these statements were not accurate?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Therefore, in sending them communications, you knew they wanted them to be accurate, and you wanted to make them accurate——

Mr. PRICE (interposing). Well——

Mr. WHIPPLE (interposing). Pardon me. Is that right?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, if you wanted them to be accurate, why did you not apply, in order to be sure that they were accurate, to the persons most likely to know whether they were accurate or not?

Mr. PRICE. Because of my discrimination between my business or my duty at the White House and what I did not regard as conflicting with it on the outside of the White House.

Mr. WHIPPLE. In other words, to interpret what you have said, although you knew of the necessity to the brokers of the information

being accurate, and although you earnestly desired to make it accurate, you did not avail yourself of the best information you could get because of your fear of involving some one in the White House——

Mr. PRICE (interposing). Who had given me his confidence.

Mr. WHIPPLE. Who had given you his confidence?

Mr. PRICE. Yes; and I would not do it for anybody.

Mr. WHIPPLE. In other words, take a concrete illustration in this Aldrich telegram, which I will read:

Have intimation that important State Department statement concerning economic conditions European war as affecting neutrals and intended to promote peace prospects likely to become public this afternoon.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, that was not so much an opinion as a statement or forecast of what was coming?

Mr. PRICE. The last part of it was an opinion entirely.

Mr. WHIPPLE. It was an opinion?

Mr. PRICE. Yes; the last part of it.

Mr. WHIPPLE. Do you mean that it was "likely to become public this afternoon?"

Mr. PRICE. No, sir; the portion of what it was presumed to be. That was entirely an opinion.

Mr. WHIPPLE. Now, you knew, did you not, that the use of that statement to the brokers, and its value, would depend upon its accuracy in that respect as to whether the President or somebody was about to make a statement in regard to peace?

Mr. PRICE. Well, yes, sir; I wished it to be accurate. I made some mistakes in sending some opinions to them——

Mr. WHIPPLE (interposing). Do not trouble about that.

Mr. PRICE. All right.

Mr. WHIPPLE. You knew they wanted them to be accurate?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Why did they want the information from you in Washington?

Mr. PRICE. Why, like any business establishment would want to know what is going on—a business corporation or a lawyer would want to know what happens in the way of legislation in Washington.

Mr. WHIPPLE. And they wanted to have it from you because you knew more about it than anybody else who was not in Washington?

Mr. PRICE. Well, that is probably true.

Mr. WHIPPLE. Otherwise they would have had a man in New York?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. They wanted to get it from somebody at the seat and origin and source of the information?

Mr. PRICE. I guess that is correct.

Mr. WHIPPLE. And because they felt that you were near to it?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, did you not feel it incumbent upon you, in order to give accurate information, to consult the best sources of information?

Mr. PRICE. Not always. When I was giving my opinion, my opinion was as good as any other man's opinion. I would not necessarily do that until I had analyzed the thing for a long time——

Mr. WHIPPLE (interposing). You said that your opinion was as good as any other man's opinion?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. In point of fact, you could have gotten the opinion, if you please to call it, or direct information of somebody who had sent the paper. That was better than your opinion or forecast, was it not?

Mr. PRICE. That would have been very nice if I could have gotten it.

Mr. WHIPPLE. Exactly.

Mr. PRICE. Not for sending it to brokers, Mr. Whipple.

Mr. WHIPPLE. Now, let us see whether you sent to brokers any less reliable thing than you did to newspapers.

Mr. PRICE. All right.

Mr. WHIPPLE. Here you sent this opinion to the brokers at 11.52, while your paper, you understood, could not publish it until the next morning?

Mr. PRICE. That afternoon.

Mr. WHIPPLE. It could not be published that afternoon.

Mr. PRICE. Oh, the note?

Mr. WHIPPLE. Yes.

Mr. PRICE. I think I testified that I did not remember whether it was a note or what time it was coming out. I think I had had an indistinct recollection——

Mr. WHIPPLE (interposing). Well, leave out the paper, then.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Therefore you went very promptly to write the message and put on it "Rush," in order that it might get there?

Mr. PRICE. I put that on all telegrams, I think; on all telegrams I write—on everything.

Mr. WHIPPLE. You do not write a great many to the brokers?

Mr. PRICE. I do not know, but maybe I did. I am human. Probably I will send a telegram——

Mr. WHIPPLE (interposing). And you then knew that if this note did deal with peace prospects it was of a good deal of importance to the brokers——

Mr. PRICE (interposing). At that time.

Mr. WHIPPLE (continuing). If they could depend on it?

Mr. PRICE. If they could depend on it, then I knew it would be of some importance.

Mr. WHIPPLE. Now, what measures did you take before you sent the telegram to convince yourself that the information that you gave was such as could be depended upon?

Mr. PRICE. Absolutely no measures beyond going to my typewriter, except to go out of the room or coming from the toilet. I was sitting down a few minutes writing the message on the typewriter. I did not even leave the press room.

Mr. WHIPPLE. That is, you want the committee to understand that although the value of the information you gave these brokers depended upon its accuracy, and you knew it, and that if it was inaccurate it might lead them into great losses——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). And if it was inaccurate it might cause them great losses——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). Still, immediately upon hearing what you call gossip in the press room, you hastened to send to both brokers——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE (continuing). This intelligence, knowing that if it were inaccurate they would be likely to depend upon it; that if it was accurate it might mean many dollars of profit, perhaps millions, and that if it was inaccurate it might mean losses of hundreds, or thousands, or millions to them?

Mr. PRICE. That is correct.

Mr. WHIPPLE. And you took no means——

Mr. PRICE (interposing). I took no means.

Mr. WHIPPLE. Pardon me just a moment. You took no means, although you knew there were places where you could go to find out whether it was accurate——

Mr. PRICE (interposing). Yes, sir.

Mr. WHIPPLE. You took no means whatever to establish its accuracy or inaccuracy?

Mr. PRICE. Not at all. And may I say something in that connection to the committee about it?

Mr. WHIPPLE. Yes.

Mr. PRICE. I have already explained that those gentlemen understood in my relations with them that I was giving them my opinions of something, that they were to rely upon the opinions that I sent, because that was plainly intended to assure them that it was an opinion. They would often ask, "What do you think of this?" I would give them an opinion as to what I thought, and I might hit it correctly, and they were to take it on its face as my opinion, and they took it that way, as I understand it, and always did.

Mr. WHIPPLE. Yes; but you realize, as you have admitted, how much your opinion——

Mr. PRICE (interrupting). Yes; I realized——

Mr. WHIPPLE (continuing). Would be reinforced if you had the authoritative statement of some one whose opinion was better than yours because he had seen the paper?

Mr. PRICE. It would have been of tremendous value to them if I could have reinforced my opinion; if I could have given a flat statement to them it would have been of terrific value.

Mr. WHIPPLE. And you have lived in Washington long enough so that you knew the sources from which you could get confidential information if the people having it were willing to give it?

Mr. PRICE. Well, yes; I do know sources to go to for information, as a rule.

Mr. WHIPPLE. If they were willing to give it?

Mr. PRICE. If they would be willing to give it. That is correct.

Mr. WHIPPLE. Therefore, knowing the means by which you might make your opinion of great value to your clients, or to your brokers, still you say——

Mr. PRICE (interposing). I say so——

Mr. WHIPPLE (continuing). That you sent the information without the slightest attempt——

Mr. PRICE (interposing). Absolutely.

Mr. WHIPPLE. Pardon me.

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. I want to finish the question. Without the slightest attempt to verify or fortify it by those who might, if they were disposed, help you?

Mr. PRICE. I made no attempt to verify it at any place or in any source. I would like to say it as often as possible because I did not, and truthfully, too.

Mr. WHIPPLE. Now, you keep a bank account, do you not?

Mr. PRICE. Yes, sir; I have a small bank account.

Mr. WHIPPLE. Do you keep more than one?

Mr. PRICE. I have two very small ones; one that I do not draw upon and one that I keep with a little matter of interest, in order to save; yes.

Mr. WHIPPLE. Are you willing to lay before the committee your books of account?

Mr. PRICE. Absolutely.

Mr. WHIPPLE. Your bank books or check books for a period of time prior to the 1st of January?

Mr. PRICE. And afterwards, too, every deposit I have made; yes, sir.

Mr. WHIPPLE. Where are they?

Mr. PRICE. In my pocket; right here.

Mr. WHIPPLE. You mean you have your check books?

Mr. PRICE. I have them with me. I have my bank books. I have not any check books, because it is very seldom that I draw a check. I always try to pay my little accounts in cash. I am willing to give the authority to the committee to get from the bank any check that I have issued. I will authorize the bank to do that, so that the committee can see that.

Mr. WHIPPLE. I understand the committee would like to avail itself of the opportunity.

The CHAIRMAN. What are the names of the banks?

Mr. PRICE. Yes, sir. I will just hand you the books, to-day, or any time you like.

Mr. WHIPPLE. Have you them here?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Will you hand them to the committee?

Mr. PRICE. (Handing bank books to the committee.) And I have some memoranda inside of one of these, and these are the only ones I have. I have some memorandums in there which I may have occasion to use before this committee later on. I do this only, gentlemen, so that you may get to the whole inside truth, and under the feeling that I do not believe this committee have any right to examine my private affairs that way, but they are there.

Mr. WHIPPLE. But I understand that you do not give them under any protest?

Mr. PRICE. No; I do not. I give them that freely and willingly, because I want to reveal a lot of skunks in this business. I want the committee to know the whole thing; I want them to see a whole lot of daylight.

Mr. WHIPPLE. I do not know whether it is the wish of the committee that they want that remark to remain in the record or not.

The CHAIRMAN. I did not get it.

Mr. CHIPERFIELD. I think it ought to be stricken out.

Mr. WHIPPLE. I trust you have no objection to striking it from the record?

Mr. PRICE. I have not; but I should be very glad to have it remain on general principles.

Mr. WHIPPLE. But, if you will pardon me——

Mr. PRICE (interposing). I do not object because you ask it.

Mr. WHIPPLE. We are dealing with one situation, and I understand that the committee wants that voluntary remark which is not pertinent to the present inquiry to be stricken from the record.

The CHAIRMAN. The remark, although the Chair did not hear it, with the understanding that it was not pertinent, will be stricken from the record.

Mr. WHIPPLE. We want to deal now just with the situation and the particular issue with which we are at present concerned. If others arrive later, we will deal with those in an orderly way.

Mr. PRICE. Might I ask you, while you are on that subject of a bank book, whatever you might have in your mind as to deposits or otherwise, would it be possible to bring that out now, so as to make this a continuous story, if you feel like doing it now, so that I would be able to reveal whatever you have in mind and whatever you have there?

Mr. WHIPPLE. I have nothing in mind except to reveal the facts, whatever they may be.

Mr. PRICE. I thought perhaps you had some particular thing in mind.

Mr. WHIPPLE. No; except this, that you can facilitate this by asking the banks to furnish the committee with a copy of your accounts, deposits, and withdrawals, say, for a few months prior to the 20th.

Mr. PRICE. A few months prior?

Mr. WHIPPLE. If you have no objection.

Mr. PRICE. I have no objection. You can go back just as far as you wish.

Mr. WHIPPLE. I assume from this that you have no accounts in which you are interested in any other name?

Mr. PRICE. No, sir; not a one anywhere.

Mr. WHIPPLE. As trustee or otherwise?

Mr. PRICE. No, sir; no trustee.

Mr. WHIPPLE. Mr. Price, did you receive from any source in connection with this matter of the presidential note, \$5,000 or any such sum?

Mr. PRICE. No, sir; I never received a penny, except \$50 which I have explained to the committee, and I think \$25 from Finley Barrel as a Christmas present, making a magnificent total of \$75.

Mr. WHIPPLE. I did not so understand it. I understood you received \$25 a month from Finlay Barrell for some time?

Mr. PRICE. Mr. Barrell sent me a Christmas present of \$25 and Mr. Aldrich sent me my salary of \$25 for December.

Mr. WHIPPLE. How long had that salary been running along?

Mr. PRICE. I think I have explained to the committee that Mr. Aldrich asked me to send him that last April or May, sometime. It ran from that time on.

Mr. WHIPPLE. And Finley Barrell for some time before that?

Mr. PRICE. I think about year and a half; that is all.

Mr. WHIPPLE. Are these the only firms from which you have been receiving anything?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Just these two firms?

Mr. PRICE. Yes, sir; and the firms I mentioned the other day—the business firms.

Mr. WHIPPLE. Those are the banking firms where you had been doing a different sort of service?

Mr. PRICE. Yes, sir. I was not under pay from any other firm.

Mr. WHIPPLE. Do you know Mr. Chipman, of Harriman & Co.?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. G. Boyd Chipman?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Have you done any business for that firm?

Mr. PRICE. Two or three years ago I did. I do not remember the exact time. It has been two or three years since I did anything for him.

Mr. WHIPPLE. What business did you do for that firm?

Mr. PRICE. Simply the business of answering questions asked me.

Mr. WHIPPLE. On what salary?

Mr. PRICE. I think it was \$100 a month.

Mr. WHIPPLE. How long did you do that?

Mr. PRICE. I do not recall; probably it would be two or three years ago; I do not remember.

Mr. WHIPPLE. Was that before you began receiving a salary from these two firms?

Mr. PRICE. Oh, yes; a good long time before; and I was doing nothing for anybody for a long time in between, too.

Mr. WHIPPLE. Now, as I understand it, for Harriman & Co. you were performing a service for which you were receiving \$100 a month?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. For some three months prior to taking up Finley Barrell?

Mr. PRICE. I would like to be as distinct as I can. It seems to me there was an intermission of a year or two between my work for Harriman & Co. When Mr. Aldrich was in Washington he asked me to take up his work.

Mr. WHIPPLE. Who took your place with Harriman & Co.?

Mr. PRICE. I do not know that anybody ever did. I do not think that anybody ever did, because Mr. Chipman has frequently called me since at the White House and asked my view about something oftentimes.

Mr. WHIPPLE. But without compensation?

Mr. PRICE. Without compensation, the same as many people do, because business firms and lawyers and others like that will ask me, "Do you know anything about this, that, and the other?" and I tell them that I know, the same as I would do at any time. He never gave me a dollar since I left the firm.

Mr. WHIPPLE. Are there any other brokerage firms for whom you have done such courtesies for the last four or five or six years?

Mr. PRICE. For compensation? No, sir.

Mr. WHIPPLE. For whom have you done such services without compensation?

Mr. PRICE. For no brokerage concerns; no. I think I mentioned to you Mr. Thompson the other day, of Crane, Parris & Co., which is not a brokerage house. I have done many little things in the way of asking things of him, and there was no question of compensation, because he was a friend of mine, and sometimes if I had a little investment to make, I would go to him and ask him if a bond was all right, what he thought of it. There was not agreement for compensation or anything of the sort, and no expectation of it.

Mr. WHIPPLE. Mr. Price, did you, after the 20th of December, make any statements in your family in the presence of any of your children in relation to any income or profits that you had made in connection with the advance information as to the President's note?

Mr. PRICE. In talking with my family after this affair came up?

Mr. WHIPPLE. First, did you make a statement with regard to it?

Mr. PRICE. Yes, sir; I talked to my wife—not about anything I had made; no, sir. I did not say anything about what I had made. Put that question to me again.

Mr. WHIPPLE. In point of fact you had received or did receive for the services performed that month, including what you did in connection with these telegrams, as you say, about \$50 and a Christmas present of \$25?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, I think the committee would be interested to know what talks you had with your family, in the presence of your children—and I am not talking about anything that was said to your wife when neither your children nor anybody else was present about this matter of advance information on the President's peace note, and anything you made from it?

Mr. PRICE. We discussed—I said something; yes, sir. I think I said it to my wife.

Mr. WHIPPLE. Tell the committee what you said and when you said it?

Mr. PRICE. You say as to my wife or all of them? I do not remember about the whole matter. I do not know whether you mean to my wife at all, because I do not mind——

Mr. WHIPPLE (interposing). Let me explain. The communications of a man to his wife not in the presence of a third party are privileged and the committee do not wish to ask for such communications.

Mr. PRICE. I seek no privilege, gentlemen.

Mr. WHIPPLE. I understand that is a privilege that can not be waived.

Mr. PRICE. I think that it is kind of tough for my family to be brought into this thing, but I am willing to say this: My wife, who reads a good deal, on one occasion said to me, "Did you make any money out of this at all?" And I said, "Absolutely nothing. I wish I had." I realized that this information was good, but with the little bit of money that I had in the world I could not take a chance of putting it up, because I did not know whether I was correct in my interpretation of what it was. I could have probably

made a good deal of money if I had had the nerve to have backed it up. I said all I got out of it at all was this money that I have explained to you gentlemen about, and I will repeat it with great frankness, because I want it known so that others may not be hurt, if I am. The next day my wife and daughter, in the morning, were talking and my wife said, "I wonder if your father made any money out of this business," and she said, "Why, I think he made a little from what he said in the way of salary or something; I do not remember exactly what it was;" and some of them said "I believe I will look in his bank book to see if he made any." And they looked in my bank book and saw that on January 5 I had deposited \$1,062 and something.

Mr. WHIPPLE. Who did that?

Mr. PRICE. Some members of my family. You don't want me to bring in the names of the family? I hope there is no feeling about the family here.

Mr. WHIPPLE. I do not think the committee have any wishes or at least their duty is paramount.

Mr. POT. There has been no effort to bring your family in.

Mr. PRICE. I know, gentlemen. Some of them said, "I wonder if he made anything," and she said, "If he made this, I hope he made two or three thousand more," and there is an explanation of that. I brought along letters from the Riggs National Bank and Flather & Co., which I want to introduce here now. I had them in that little book. I have tried, like every man, to save a little bit of money from my work, and I now introduce this here as to the \$1,062, which I think you will find is the biggest sum of money in all the time I have put any money in there. The balance are little sums coming in to me. That is from the Riggs National Bank.

Mr. LENROOT. What is the date of it?

Mr. PRICE. February 6, 1917.

Referring to your verbal inquiry, we write to say that there were purchased for you on January 16, 1912, by Mr. William J. Flather, member of the Washington Stock Exchange, \$2,000 Norfolk & Washington Steamboat Company 5s at 104½, plus ¼ and interest, the cost amounting to \$2,124.44.

And I asked Mr. Glover if he could give me the numbers of those bonds, so as to correspond with another letter I have here. Now, gentlemen, as another evidence of my deduction——

Mr. CHIPERFIELD (interposing). Let me inquire the pertinency of that?

Mr. PRICE. The pertinency is to reveal the source of this deposit.

The CHAIRMAN. Had not you better conclude that?

Mr. PRICE. I will go right along, if you want me to. Now, on January 30th I obtained from Mr. Charles C. Glover, jr., of the firm of Charles C. Glover and William J. Flather, jr., investments, this letter:

Mr. W. W. Price, etc. In accordance with your request of yesterday we take pleasure in giving you herewith the data relative to the sale of a \$1,000 Norfolk & Washington Steamboat 5 per cent bond of 1931, which order we executed for you as follows:

Your order received January 3d; bond sold that day on the Washington Exchange at 105½ and interest; bill rendered the same day; bond delivered by you January 5th. Upon delivery we handed you our check No. 1635 on the American Security & Trust Co. for \$1,062.92.

That is the exact amount of my deposits.

Bond No. 132 was delivered to the purchasing broker, Mr. Eugene Thompson, of Crane, Parris & Company, thus closing the transactions.

If we can be of any further assistance, do not hesitate to call upon us.

Now, that reveals the source of the deposit there. Now, gentlemen, I will explain that in these little bond matters, I have only a little money that I have saved, but I have invested it only in bonds, and I have a few bare lots out in the suburbs.

Gentlemen, realizing that this war situation was going along badly, I concluded that there was a profit on those bonds to me. I had had them since 1912, and had made 5 per cent on them. I had bought them at 104½, and I concluded I would sell them, or sell one of them at least, and the other one I have just sold through Crane, Parris & Co., asking them to sell it, and that deposit is in the Riggs National Bank to-day, showing my desire to simply put into cash what little I have got.

Mr. WHIPPLE. In other words, Mr. Price, the object of these two letters is to explain the appearance on January 5th of a deposit in your bank account exceeding somewhat \$1,000?

Mr. PRICE. And which may seem to indicate that I had gotten money from some source.

Mr. WHIPPLE. That is the very deposit which you say misled your family?

Mr. PRICE. But they did not know. I did not explain it to them, and they afterwards said to me "I am very sorry about this," and my wife might have said to some of the children afterwards "If your father made this much, I hope he made more," or something of that sort, and if I could go on to explain—well, I will wait for your questions.

Mr. WHIPPLE. Have you any memory, although perhaps it is not immediately germane to the inquiry, as to the sources from which you got these bonds in 1912?

Mr. PRICE. Why, the letter explains that I bought them through Flather & Co. I do not know where they got them.

Mr. WHIPPLE. I mean, where you got the money to pay for them?

Mr. PRICE. Why, gentlemen, I have had a little money. My father and mother died and left me a little. I have worked for some, and I have made some in real estate transactions. I have saved a little. My family and I have lived very cheaply and honorably. Does the committee want to go back and try to point out that any money I have got was gotten improperly and so on?

Mr. WHIPPLE. Mr. Price, let me assure you that the committee has no such desire.

Mr. PRICE. All right.

Mr. WHIPPLE. They merely want to get the facts.

Mr. PRICE. It does seem to me that it is getting beyond the point of reason and fairness, Mr. Whipple.

Mr. WHIPPLE. Those bonds, you say, at that time, came from earnings which you had made?

Mr. PRICE. They absolutely came from earnings I made and saved and tried to save, and honestly saved, too.

Mr. WHIPPLE. The committee accepts your answer.

Mr. PRICE. I think so, but it looks like a mean thing to ask me about a matter that far back, in which this committee could not have

any interest, and which has no pertinence to this matter you are inquiring about at all. My married life, my savings, and this matter of \$25 a month have got to be pulled out of me before this committee. I do not think that you, Mr. Whipple, believe that to be fair.

Mr. WHIPPLE. The only thing that this committee is interested in is the statement which has been made by you.

Mr. PRICE. All right.

Mr. WHIPPLE. The only thing the committee is interested in is what connection you had with this \$1,000 which was paid to you in connection with this bond.

Mr. PRICE. That I have already explained. I bought those bonds from my own earnings.

Mr. WHIPPLE. And in connection with that, you have stated very frankly that you were not paid that for giving the information which you did give?

Mr. PRICE. Yes, sir.

Mr. WHIPPLE. Now, the committee is constrained to pursue that investigation.

Mr. PRICE. Go right ahead.

Mr. WHIPPLE. As affecting anyone, yourself or others.

Mr. PRICE. I do not mean to object to anything, except that it seems tough to me; that is all.

Mr. WHIPPLE. In your conversations in your family, did you make any statements as to Secretary Tumulty having made or realized anything in this matter?

Mr. PRICE. Oh, no, sir; never in my life, and I do not remember that my family ever thought of that, because I investigated this business, and they said they never thought of Mr. Tumulty in connection with it at all. I never told them that.

Mr. WHIPPLE. Then you state broadly, as I understand, that in no conversation with regard to this matter was anything said in the presence of your children with regard to Mr. Tumulty's having profited in this way.

Mr. PRICE. Oh, no, sir. They told me that they did not, and as a further evidence——

Mr. WHIPPLE (interposing). That is very true, but I want to get your memory. Are you sure that you did not?

Mr. PRICE. I absolutely know that I did not, and I absolutely know that they did not. My family knows that, even in my little Christmas relations, that I handed each of them, each of my women folks, an envelope with \$6 in it, and if I had made many thousands out of this, do you think I would have handed each member \$6 on Christmas day?

Mr. WHIPPLE. Then, as I understand it, the way it is left, you state broadly, firmly, and emphatically——

Mr. PRICE (interposing). Very emphatically, so far as I can.

Mr. WHIPPLE. Pardon me. You do not know what the question is yet.

Mr. PRICE. Pardon me. I thought it was concerning Mr. Tumulty.

Mr. WHIPPLE. You state emphatically that you did not state to any one of your children, or in the presence of your children, anything involving Mr. Tumulty?

Mr. PRICE. Nothing in any manner or in any circumstances.

Mr. WHIPPLE. No further questions occur to me at this time.

Mr. GARRETT. Mr. Price, I think you stated a few days ago, but I have forgotten. How long have you been at the White House?

Mr. PRICE. I have been there 20 years, very near. Twenty next month.

Mr. GARRETT. You have been there——

Mr. PRICE (interposing). I went there in Mr. McKinley's administration in 1897?

Mr. GARRETT. And have been there under the administrations of Mr. McKinley, Mr. Roosevelt, Mr. Taft, and Mr. Wilson?

Mr. PRICE. Yes, sir.

Mr. GARRETT. Have your relations with the private secretary of the present President, Mr. Tumulty, been in any wise different from the relations which you have had with prior private secretaries?

Mr. PRICE. No, sir; they were all very friendly with me in all administrations. I do like Mr. Tumulty. I think he is a great, kind-hearted fellow, and I like him for his human impulses, his sympathies with those in distress and trouble, as I see sometimes the women and others coming in and asking for places. I like him because he has that quality; no different from anybody else.

Mr. GARRETT. I was not speaking of the personal regard existing between you gentlemen so much as I was the relations between you by reason of your employment, compared with the relations you have had with former secretaries.

Mr. PRICE. There has been no difference. It has been about the same with all of them.

Mr. GARRETT. Have you received any greater confidences from Mr. Tumulty than from former private secretaries?

Mr. PRICE. No, sir. In fact, I do not think Mr. Tumulty has had so many confidences. If he has, he has been very careful not to reveal them to anybody. I do not remember any distinct confidences from him. I do not remember any confidences particularly that Mr. Tumulty ever gave me; I do not recall them. I say "confidences"; many little things I do not regard as a confidence. He might have said something to me about certain things; he has been very fair. Under the previous administrations some newspaper men have no doubt been particularly favored at the White House, but when this administration came in we had a talk with the President, Mr. Wilson, and asked that there be no favorites at all. The President felt the same way. We told him it had led to a good deal of trouble, although I myself had been receiving some of these things, and the newspaper men I think will bear me out. I had enjoyed particular favors under the previous administrations, but I did not think it was fair that I should get any more than anybody else, and the effect of that was to lead to a policy on the part of President Wilson and Secretary Tumulty to send and get all of the boys and give them information at the same time. They would bring them in together and give it at the same time. Mr. Tumulty has not given me any matters of a confidential nature. Of course, he may have given me some little matters of local interest—a judgeship or recorder of deeds—and I would go to him and I would say, "Tell me what do you think of this?" And he would tell me that. There were no big, important matters that I recall.

Mr. GARRETT. Those would be matters in which the local press only would be interested?

Mr. PRICE. Yes, sir. The local press would be interested only in it.

Mr. GARRETT. The policy, if I understand you, then, of the present administration has been to attempt to give out news to all the newspapers substantially at the same time?

Mr. PRICE. Yes, sir; and every newspaper man will bear that out. I do not think there is a favorite in this administration on the part of anybody.

Mr. GARRETT. That has been followed, so far as you know?

Mr. PRICE. Absolutely, I think so.

Mr. GARRETT. How many newspaper men stay regularly at the White House, Mr. Price?

Mr. PRICE. Three press association men, and I have been there and there have been occasionally men dropping in. I should say five or six were around there most all of the time. That is what we call regular men, who are right there. The Times has got a man there all the time, and the Star. The three press associations have had their men there, and then men would drop in intermittently during the day, you see.

Mr. GARRETT. Of course, the authorities at the White House had nothing to do with the selection of the men that were there?

Mr. PRICE. No, sir. The White House had nothing at all to do with it. They were sent there by their respective offices.

Mr. GARRETT. The representative of the Associated Press was assigned by the Associated Press?

Mr. PRICE. Yes, sir; entirely independent of the White House.

Mr. GARRETT. And so are all of the gentlemen who are there?

Mr. PRICE. The White House has had nothing to do with it at all.

Mr. GARRETT. I think that is all.

The CHAIRMAN. Mr. Lenroot?

Mr. LENROOT. I understand that these bank books which you have submitted to the committee disclose all of your resources?

Mr. PRICE. Yes, sir, Mr. Lenroot; absolutely all of my resources. In fact, about all that I have, because I have converted most all that I have into cash, because if the storm or trouble is coming, I wanted to have what little I have in dollars.

Mr. LENROOT. And you have no other certificates?

Mr. PRICE. I have not myself, nor in conjunction with anybody, nor under any false name—in my wife's name or anybody else's name. I may have made this little mistake there. I have two little daughters, and I think in the National Securities Savings Bank—I have an older daughter who has been working and has been contributing some to the family, and instead of giving it to me or any member of the family——

Mr. LENROOT. I do not care to go into that, unless it is some substantial sum.

Mr. PRICE. No, sir; it is only the funds placed there for the education of the children.

Mr. LENROOT. I understand you to say that when matters would come up which are not of a confidential nature it was your common practice to see Mr. Tumulty? And I understood from your testimony the other day that such information as you received concern-

ing this peace note you did not understand to be confidential in any way, but was from gossip secured in the pressroom?

Mr. PRICE. Gossip, Mr. Lenroot; and I tell you again, because you ask me kindly. I will tell you again that I did not go to Mr. Tumulty in a news way about it that day, because I had nothing to do with writing it. It was a State Department matter, and for my paper, you see, it was not necessary for me to write anything about it. I did not have to go to Mr. Tumulty that day about it. I would have gone later on if I was going to write the story; but some of the other fellows rushed in and saw him and came back with a statement that Mr. Tumulty did not know anything about it. But if I was going to write it for the Star that day, and it was in my field to have covered it, I should have gone at once to Mr. Tumulty. But these other boys, whose duty it is to look after the State Department, and the White House, too, went to Mr. Tumulty, and were told that he knew nothing about the matter in any way, shape, or form, and they told me that.

Mr. LENROOT. In answer to a question by Mr. Whipple you testified as follows:

I did not see Mr. Tumulty at all on that subject on that day, because I did not want to go near him about the matter that he might know something about. I would not want to embarrass him. I did not know whether he did or did not know anything about it. I never went near his room at this time to ask him about the peace note or anything else.

Now, I desire to ask you why it was, if this came to you as an ordinary matter of news, and you were ignorant of any confidential note concerning it, why you expressly did not wish to go near Mr. Tumulty that day because you did not wish to embarrass him?

Mr. PRICE. Well, knowing that I was going to send that out, and knowing this distinction there—knowing that I had sent that out, I would not have wanted to go to him and ask him about it. But the main matter, Mr. Lenroot, was that it did not concern me that day in a news way, whether the note was going out or not, and I did not particularly care to go to him. It was not necessary that I should, and I did not contemplate writing any White House end to it, and I did not; but if I had it in mind when I wrote that I would not have gone to ask him about that thing that day. I would not have gone near him to ask him about that, because I would not want to involve him in case anything should ever come up about it.

Mr. LENROOT. But, Mr. Price, if it was a matter of public property, so far as you know, and so far as you knew you say it was a matter of public property, that you had no information that there was anything in it confidential, why should not you have gone to Mr. Tumulty?

Mr. PRICE. I do not know that I say I had no intimation about it being confidential. There was no confidence imposed on me at all.

Mr. LENROOT. But I understood you to so testify?

Mr. PRICE. It would not be; no, sir.

Mr. LENROOT. Wanting as accurate information as possible for your brokers, why should you not—

Mr. PRICE (interposing). I would not want to mix up. If I was in a case and wanted to find out about a matter of some sort, I would differentiate between my newspaper's desire and another. I

would not want to go to a man I was working with and ask a Senator or Representative about a thing and then go right out to a telephone and send that out. That is a different case. If I went to one of these gentlemen and they told me something of that sort, it would be more or less confidential. On the other hand, I have gone to men who did not give me any confidence at all, but gave me a piece of information openly. I might send it to my newspaper right away, and then send it to a broker. I have not been hiding about this thing in any way except as you see here, because there is no use of displaying this information.

Mr. LENROOT. What I am trying to get at, so far as any event that is not confidential so far as you know, why should not you try to get accurate information concerning that event that is not confidential, from any sources you can?

Mr. PRICE. Why should I try when I was expressing an opinion? There was not any reason to submit a matter to Mr. Tumulty which I now know that he would say that he did not know anything about. I have sworn to you gentlemen I have expressed an opinion about that; and I will swear it again, because it could not be any more true if 10,000 angels said it.

Mr. LENROOT. Supposing you had gone to Mr. Tumulty and he had stated to you not as a matter of confidence but a mere statement of fact that this alleged information that you sent to the brokers was not true at all?

Mr. PRICE. Supposing I had gone to him?

Mr. LENROOT. Yes.

Mr. PRICE. If I had gone to him and asked him that and he said it was not true at all, it would change my mind. But, Mr. Lenroot, I have tried to explain again and again and again that I knew I was expressing a mere matter of opinion. I still say I know it, and there is nobody who gave me anything that day at all, no God's soul in the world except the newspaper men. And knowing that I was not going to write it for the newspapers, then why should not I sit down, if I wanted to, and state what I believed was a good opinion or a good guess on my part? You gentlemen lay great stress on that telegram. Not one of you gentlemen except Mr. Whipple brought out the fact that there was another telegram. Bring out the other telegram, which was filed at the same minute and at the same hour, in which I lack the faith I had in that first telegram. Will you notice that in the same breath I construe the note in different ways? Why am I grilled and emphasis laid on that one telegram? Now, why don't you ask me about the other telegram, which showed distinctly that I was making a pure and simple guess?

Mr. POU. You stated that Mr. Whipple did refer to the other telegram. That is what Mr. Whipple is here for?

Mr. PRICE. None of you seem to bring out the other. You lay no emphasis on that. You do not seek to do that, because you know that was a mere guess. Why don't you grill me on that part of it, because that shows on its face that it was a mere guess?

Mr. HARRISON. I might say that when Mr. Whipple produced that telegram, he surprised me, as I think that he did every other member of the committee.

Mr. PRICE. I do not mean to infer anything with regard to the committee, but I do think that in putting me up here on this particular thing and trying to grill me and say I got something from somebody I did not get, or making me think I got it, you do not call attention to the other thing, written at the same minute and the same hour and sent by the same boy and dated at the same time?

Mr. GARRETT. It may interest you to know, Mr. Price, that some members of the committee at least have those matters in mind.

Mr. PRICE. I thank you for that. But you see I am torn here right and left, and there were two telegrams sent at the same minute, which are so distinct that they will show that "Price" was guessing at it, and if he had gone to Tumulty and gotten anything out of him, the other telegram would have been just as imperfect as it could be.

Mr. LENROOT. You seem to criticize the committee——

Mr. PRICE. Oh, no; not criticize, but I am in an embarrassing situation.

Mr. LENROOT. Will you point out the difference in substance in the two telegrams? One says, "I have information" and the other says "I am informed."

Mr. PRICE. That has nothing to do with it. That is just a simple expression of speech. "Am informed that State Department contemplates making public late this afternoon important statement bearing on economic situation of European war as affecting neutrals." You see the note did not bear on economic situation a doggone bit. "The object being to indirectly promote peace prospects through bringing neutrals closer together."

And it did not do any such thing.

Mr. LENROOT. But the point is, are not both telegrams substantially alike, one merely being a little more amplified? They both relate to economic conditions?

Mr. PRICE. I do not think so. Mr. Whipple wanted me to——

Mr. LENROOT (interposing). I would like to read both telegrams.

Mr. PRICE. All right.

Mr. LENROOT. "Have information that important State Department statement regarding economic conditions of European war as affecting neutrals and intended to promote peace prospects likely to become public this afternoon. (Signed) Childs."

Mr. PRICE. Yes, sir.

Mr. LENROOT. The next telegram reads as follows, and it was filed at the same time:

Am informed that State Department contemplates making public late this afternoon important statement bearing on economic situation of European war as affecting neutrals. Object being to indirectly promote peace prospects through bringing neutrals closer together.

Mr. PRICE. To "indirectly." I do not think that at all shows the same state of mind as to certainty on my part. I do not know what your opinion is. I give it as mine. I am willing that the country and the committee should judge that, as to whether they think I was certain and sure on my mind on that day.

The CHAIRMAN. Any other questions you wish to ask this witness, Mr. Whipple?

Mr. WHIPPLE. Not another direct question. I understand that some further information is to be furnished to the committee. And I think, Mr. Price, you had better keep your books.

Mr. PRICE. I do not mind the committee having them.

Mr. WHIPPLE. The committee has inspected them.

Mr. PRICE. You want me to ask the bank to give me a statement covering how long a period of time?

Mr. WHIPPLE. You may use your discretion about that—three or four months.

Mr. PRICE. I will let it go back as far as the committee wants. But I presume you do not care to go back within the time of Adam or anything of that sort?

Mr. WHIPPLE. I do not believe the committee suspects your business ran back that far.

Mr. PRICE. I do not think so. How many months?

Mr. CHIPERFIELD. I think it should go back far enough to show the original of the funds with which these bonds were purchased.

Mr. PRICE. You want to know where I got the money—I was working for Harriman & Co. and——

Mr. CHIPERFIELD. You have stated, if you ask my opinion, that you bought these bonds through Flather & Co., and they are now disposed of.

Mr. PRICE. Yes, sir.

Mr. CHIPERFIELD. My judgment is it ought to show a continuity of action.

Mr. PRICE. I will.

Mr. GARRETT. I understood him to say that they were bought in 1912. I can not see how that would interest us.

Mr. CHIPERFIELD. That is the statement as it now appears.

Mr. PRICE. That is in the letter.

Mr. CHIPERFIELD. Yes; I know it is in the letter. I did not know the letter was sworn to.

Mr. PRICE. You can get that statement under oath.

Mr. HARRISON. I understood we are to get his account from the bank and that will show it.

Mr. CHIPERFIELD. It does not require any argument at all, and I would not have gone into it except that the witness asked me questions. If the account shows that there is no sudden break; that it is a gradual increase, it is very convincing. If it does not show that, but there are sudden accretions——

Mr. PATTEN (interposing). You mean before 1912?

Mr. CHIPERFIELD. No.

Mr. PATTEN. These bonds were bought in 1912.

Mr. CHIPERFIELD. Yes, sir. I do not care to insist on it.

Mr. BENNET. Leave it to the discretion of counsel.

Mr. CHIPERFIELD. That is satisfactory.

Mr. WHIPPLE. Then, I will let you know later about that.

Mr. PRICE. All right, sir.

Mr. WHIPPLE. Mr. Price, you were in the room when testimony was given this morning by Mrs. Visconti?

Mr. PRICE. I heard some of it; yes, sir.

Mr. WHIPPLE. Have you any doubt that the disclosures which she made to Mr. Lawson—I am not speaking of their accuracy now—were found upon some remark that may have been made or was made by some one of your family arising out of conversations which you yourself say you had?

Mr. PRICE. Yes, sir; I now have suspicions that what she intends to say does that.

Mr. WHIPPLE. What I want is, you have no doubt that the foundations of her statement arose out of some remarks that one or another of your children may have made?

Mr. PRICE. I do not know that—that they will be made; yes, sir.

Mr. WHIPPLE. I am not speaking of their accuracy. But what I want to know is, if we do not here connect up the statements that she made to Mr. Lawson or the basis of them with some remark, chance or otherwise, that very likely some member of your family made—not that they are the same that your family made?

Mr. PRICE. I think it is probably true that what she is laying the foundation for is that some member of my family may have.

Mr. WHIPPLE. Let me say that it is not laying the foundation for anything, but the remark which some member of your family made is the source of information which has come to the committee through Mrs. Visconti.

Mr. PRICE. Yes, sir. While the family has been brought into it, may I also state that what alleged relations the family——

Mr. WHIPPLE (interposing). For the present I should hardly think it would be necessary. Think that over first, and then see if you want to.

Mr. PRICE. Gentlemen, I am in your hands. I am helpless about this matter.

The CHAIRMAN. You have not been asked about that.

Mr. PRICE. But I do not want my family impugned as being at all on intimate relations with——

The CHAIRMAN (interposing). It is not necessary to go into that. It has not been asked about.

Mr. PRICE. All right.

Mr. WHIPPLE. I think you have covered the inquiry. If upon mature reflection you want to say anything further, then that is a matter which will be addressed to the committee.

The CHAIRMAN. Then you are excused for the present.

Mr. PRICE. I do not know this witness at all, and did not know her until I saw her on the stand to-day. Can I say that?

Mr. GARRETT. Certainly; let him say that.

Mr. WHIPPLE. Oh, yes; that is all right.

Mr. POU. We did not know what you wanted to say.

The CHAIRMAN. The committee will take a recess until 2.15 o'clock p. m.

(Whereupon, at 1.15 p. m., a recess was taken until 2.15 p. m. this afternoon.)

AFTER RECESS.

The CHAIRMAN. The committee will be in order. Mr. Whipple, who is your next witness?

Mr. WHIPPLE. Mr. James.

TESTIMONY OF MR. JOHN H. JAMES—Resumed.

Mr. WHIPPLE. Mr. James, the committee requested that you bring a certain proof which you said you had in the drawer of your desk. Have you done so?

Mr. JAMES. I have.

Mr. WHIPPLE. Did you find that you had a proof of more than the two notes, one to the central powers and one to the allies?

Mr. JAMES. Telegram to Gerard and telegram to Page.

Mr. WHIPPLE. And nothing else?

Mr. JAMES. Nothing else.

Mr. WHIPPLE. No example of the one to the neutral powers?

Mr. JAMES. No.

Mr. WHIPPLE. Will you explain for the record just what the papers are that you have?

Mr. JAMES. I have here the printer's copy prepared in the department for the Government Printing Office of the telegram to Ambassador Page and the telegram to Ambassador Gerard, and the proofs.

Mr. WHIPPLE. I thought you said that you sent the printer's copy back with the proof that you returned to the Printing Office?

Mr. JAMES. Yes.

Mr. WHIPPLE. Then have you gotten it back again?

Mr. JAMES. Yes; it has been returned to me.

Mr. WHIPPLE. When was that returned to you?

Mr. JAMES. I can not give you the date, but between that time and the present.

Mr. WHIPPLE. Not for the purpose of this hearing, but in the ordinary course?

Mr. JAMES. In the ordinary course, yes; we got that back.

Mr. WHIPPLE. I thought there was some suggestion somewhere that they took that printer's copy and burned it up in the Printing Office, together with the proofs?

Mr. JAMES. I do not know where you got that impression. I did not intend to give that impression to anybody.

Mr. WHIPPLE. No; it was not you, Mr. James.

Mr. JAMES. I think it is the custom to destroy what they call "overs," and press proofs, galley proofs, and things of that kind.

Mr. WHIPPLE. The custom is to return at the same time the printer's copy that went back with the corrected proof?

Mr. JAMES. It usually goes back in this form [indicating]. With that sort of a back on it.

Mr. WHIPPLE. That printer's copy goes back to you?

Mr. JAMES. Yes.

Mr. WHIPPLE. In the ordinary course? Does it not come back when the printer's document comes?

Mr. JAMES. No; it does not. It comes back later; sometimes within a week and sometimes two or three weeks; and I will say that perhaps it was a week or a couple of weeks that it came back.

Mr. WHIPPLE. Is its coming back purely a matter of chance, or is there a system or schedule about that?

Mr. JAMES. I have never inquired about what their system is, but we get these back. For instance, this came back with the printer's copy of another document that we had printed.

Mr. WHIPPLE. May I take one of them? Now, let me get first the thing specifically asked for, and that is the copy which you kept in your drawer, the copy of the proof. Is this it?

Mr. JAMES. Yes.

Mr. WHIPPLE. There seems to be two copies here.

Mr. JAMES. I should correct my testimony as of yesterday. I said there was a duplicate. It seems there are two duplicates, and a notation on the end made by the printer.

Mr. WHIPPLE. That is, instead of having one copy in your drawer, which was unlocked, you had two?

Mr. JAMES. Yes.

Mr. WHIPPLE. Two proofs?

Mr. JAMES. Yes; and I wish to say that there would be no more possibility of anyone coming in and rummaging in that drawer whatever than there would be in rummaging in your inside pockets—a large double desk, with Mr. Duncan on one side and myself on the other side of it.

Mr. WHIPPLE. I think possibly that is so, but I was merely trying to bring out what safeguards were put about it, in order to see whether perhaps in the future there would be others. But, at all events there were two, and practically in the shape in which you hand them to the committee—two proofs of that to Ambassador Page?

Mr. JAMES. Yes.

Mr. WHIPPLE. Now, with it you have this printer's copy?

Mr. JAMES. Yes.

Mr. WHIPPLE. And this came back later?

Mr. JAMES. Yes.

Mr. WHIPPLE. And after the newspapers had published whatever they published about it?

Mr. JAMES. Yes.

Mr. WHIPPLE. Just in the shape in which you show it?

Mr. JAMES. Yes.

Mr. WHIPPLE. This has on the outside, "Department, please keep this copy." Then this will give the committee the idea as to how the article was cut up for distribution among the typesetters?

Mr. JAMES. Yes.

Mr. WHIPPLE. This is No. 1——

Mr. JAMES (interposing). That is my writing, the order to be sent down by me. That is done in the Printing Office.

Mr. WHIPPLE. So that is what you do. No. 1 is what you did with reference to preparing it for the Printing Office.

Mr. JAMES. Yes.

Mr. WHIPPLE. And these are your directions?

Mr. JAMES. Yes.

Mr. WHIPPLE. Is there anything on that showing the printer who set it up?

Mr. JAMES. I would not be able to say about that. There is nothing visible to me.

Mr. WHIPPLE. Then, No. 2. What is that? Is that in your handwriting [indicating]?

Mr. JAMES. That is my handwriting. It is the caption to the printed copy, and also the text of the footnote which appears at the bottom of the first page.

Mr. WHIPPLE. But this has to do with Ambassador Gerard. I am afraid I have got the wrong copy, haven't I? I mean the wrong copy mixed up with the proof?

The CHAIRMAN. Is this the one you wanted?

Mr. WHIPPLE. No. This is the one I should have had, is it not? This is the one that goes to Mr. Page?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. Now, I do not find anywhere there, do you, the division of the different typesetters. How is that indicated?

Mr. JAMES. I could not tell you anything about what the operation of the Printing Office is.

Mr. WHIPPLE. You will leave that for the printers?

Mr. JAMES. I would leave that for the printers.

Mr. WHIPPLE. This is the copy which went to Ambassador Page, Mr. Chairman. Now, with regard to that to Gerard, you find that you have two of those also?

Mr. JAMES. Yes, sir.

Mr. WHIPPLE. And the printer's copy which was returned later?

Mr. JAMES. Yes, sir.

(The papers referred to were here shown to the committee.)

Mr. WHIPPLE. I am going to have Mr. McEvoy and all the people who handled it, so far as possible, testify to that.

The CHAIRMAN. Those were the two originals that were sent out?

Mr. WHIPPLE. I understand that the one with the red marker on it, "Department, please keep this," was the printer's copy that was sent down at first, and the other two are proofs that were sent back and were put in the drawer in the way which has been described and have been kept there ever since, and that one of the sets together is as to the note to Ambassador Page, and the other is to the ambassador to Germany, Mr. Gerard. He says he does not understand this composition of the printer's copy, and therefore we will take that up with the printer.

The CHAIRMAN. The printer was here.

Mr. WHIPPLE. It was my purpose to have him testify again, in order to have him testify more specifically.

The CHAIRMAN. Mr. McEvoy?

Mr. WHIPPLE. Yes; and some of the proof readers. He testified only generally as to how they handled the matter. It seems wise to get it specifically, if that has the approval of the chairman of the committee.

The CHAIRMAN. It has.

Mr. WHIPPLE. I think, when we adjourned last evening, Mr. James was either about to be cross-examined or was in the midst of cross-examination by members of the committee.

The CHAIRMAN. Any questions to be asked this witness?

Mr. CAMPBELL. Do you give any directions to the Public Printer as to how you want a State paper cut up for the use of the typesetters?

Mr. JAMES. No, sir.

Mr. CAMPBELL. In order to conceal the subject matter of the State papers?

Mr. JAMES. No.

Mr. CAMPBELL. Who does that, if anybody?

Mr. JAMES. There is no direction put on any document that I have any connection with at that time. The documents are given with instructions, and they follow their own course down there. We do not do anything beyond delivering without instructions.

Mr. CAMPBELL. You deliver the copy intact?

Mr. JAMES. Yes.

Mr. CAMPBELL. And leave it to the discretion of the Printing Office as to how it shall be distributed among the typesetters?

Mr. JAMES. Yes, sir.

Mr. CAMPBELL. That is all.

Mr. LENROOT. Just one question. Mr. James, when you received the proof, with the printer's copy, to correct it, why did you send the printer's copy back with the corrected proof to the Printing Office?

Mr. JAMES. My reason for that would be the fact that there may be what you call an office change; that is, a change in the text. There might sometimes be a case where the change that was marked on the proof might not be—I do not know that I make myself clear. Sometimes it will be a mistake that the printer has made. Sometimes you will mark something that is not in the original, and in order that the printer himself may check up as to whether that is new matter or merely a correction of the printer's mistake it is customary in sending back to any print shop to send the copy. That has been my printer's experience.

Mr. LENROOT. Would the printer or anyone in the Government Printing Office be authorized to make any change not authorized upon the proof itself?

Mr. JAMES. No.

Mr. LENROOT. Then, what purpose could be served, unless there was some reference in the proof itself to the printer's copy—what purpose could there have been in sending this copy back?

Mr. JAMES. I do not know at all what their accounting system is in the Government Printing Office, but a printer is supposed to correct the mistakes in a proof which is made, and he is entitled to charge any additional matter that may be marked in a proof. Is not that the case?

Mr. LENROOT. I do not yet quite understand why in this particular case—at least a matter of this importance—that the printer's copy should have been sent back unless there was something appearing upon the face of the proof—corrected proof—to indicate its necessity.

Mr. JAMES. I simply follow——

Mr. LENROOT (interposing). The general practice?

Mr. JAMES. The general custom of putting the proof and the printer's copy together.

Mr. LENROOT. You do it in all cases?

Mr. JAMES. That is the practice; yes, sir.

Mr. LENROOT. I think that is all.

The CHAIRMAN. Anything further, Mr. Whipple?

Mr. WHIPPLE. Nothing.

The CHAIRMAN. You are excused, Mr. James.

Mr. WHIPPLE. What is the wish with regard to this paper?

The CHAIRMAN. I presume you will want those when Mr. McEvoy comes?

Mr. WHIPPLE. There will be no necessity for putting them into the record, but they might be marked to be kept.

The CHAIRMAN. I think that would be a good idea. We will mark these as exhibits and accessible to the committee. Just mark them as exhibits, Mr. Stenographer.

Mr. WHIPPLE. The first—these two proofs to Ambassador Page—will be “James No. 1.”

(The papers referred to were so marked.)

Mr. WHIPPLE. The collection of printer's copy of the same will be marked “James No. 2.”

(The papers referred to were so marked.)

Mr. WHIPPLE. The two proof sheets to Ambassador Gerard will be “James No. 3.”

(The papers referred to were so marked.)

Mr. WHIPPLE. And the printer's copy, “James No. 4.”

(The paper referred to was so marked.)

TESTIMONY OF MR. JAMES L. DUNCAN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, residence, and occupation?

Mr. DUNCAN. James L. Duncan, Washington, D. C.; assistant chief of the Division of Information, Department of State.

Mr. WHIPPLE. How long have you occupied the office which you have just mentioned?

Mr. DUNCAN. A year and four months.

Mr. WHIPPLE. What did you do before that?

Mr. DUNCAN. I have been employed in the Department of State for 17 years.

Mr. WHIPPLE. In what capacities?

Mr. DUNCAN. As a clerk.

Mr. WHIPPLE. And you were promoted to this position nearly two years ago?

Mr. DUNCAN. Yes.

Mr. WHIPPLE. What was the first you knew of these copies of the President's note to belligerents and neutrals coming to your office?

Mr. DUNCAN. The first knowledge that I had was on the morning of the 20th of December. About 7 o'clock Mr. James called me and asked me to go to the Printing Office and get some proofs. I am not sure whether he told me what the subject matter was or not. However, I went there and found that the proofs had been sent to the department. I immediately went to the department, where I arrived shortly after the proofs had arrived.

Mr. WHIPPLE. What part of the department did you return to?

Mr. DUNCAN. The Division of Information—my office.

Mr. WHIPPLE. Proceed, if you please.

Mr. DUNCAN. I was engaged for a few moments in disposing of routine office work, and then I read proof with Mr. James on these two notes.

Mr. WHIPPLE. You had with you, then, the printer's copy?

Mr. DUNCAN. I had nothing with me. They were in the department when I arrived there.

Mr. WHIPPLE. But I mean when you began to read the proof?

Mr. DUNCAN. Yes.

Mr. WHIPPLE. Tell us what you did about it.

Mr. DUNCAN. I had the printer's copy. Mr. James had the proof.

Mr. WHIPPLE. How many notes were there, or how many copies?

Mr. DUNCAN. There were two notes—the telegram to Ambassador Gerard and the telegram to Ambassador Page.

Mr. WHIPPLE. But nothing as to neutrals?

Mr. DUNCAN. Nothing.

Mr. WHIPPLE. Very well. You held the printer's copy?

Mr. DUNCAN. I held the printer's copy. I read the copy to Mr. James.

Mr. WHIPPLE. Did you notice how many copies there were of the proof?

Mr. DUNCAN. I did not.

Mr. WHIPPLE. You never knew, but you saw him holding one copy of each note?

Mr. DUNCAN. Yes; he had the note in his hand.

Mr. WHIPPLE. After the proof had been read, what was then done?

Mr. DUNCAN. After we had finished reading the proof Mr. James handed me the printed proof, and I placed it with the printer's proof and placed it in an envelope and sealed it and delivered it to the Government Printing Office, to the superintendent of work.

Mr. WHIPPLE. And that was one copy of proof of each note?

Mr. DUNCAN. Yes.

Mr. WHIPPLE. You did not see anything else or know anything about it?

Mr. DUNCAN. No, sir.

Mr. WHIPPLE. Did anybody on that day ask you anything about that?

Mr. DUNCAN. They did not.

Mr. WHIPPLE. Did you realize its importance?

Mr. DUNCAN. I did; fully.

Mr. WHIPPLE. And its reasons for secrecy?

Mr. DUNCAN. Yes, sir.

Mr. WHIPPLE. Did you know that all day long there were in the drawer of your chief two copies of each note?

Mr. DUNCAN. I did not.

Mr. WHIPPLE. And when Mr. James says that both you and he were there all day, and would have seen anyone in any approach to the drawer of his desk, you did not know there was anything there of any consequence?

Mr. DUNCAN. No, sir.

Mr. WHIPPLE. So if you had seen anyone approaching his drawer to open it, if it were some one familiar with the office, you would not have given it any particular thought, would you?

Mr. DUNCAN. Yes, indeed.

Mr. WHIPPLE. Why?

Mr. DUNCAN. Because I would regard his desk as absolutely private, and nobody else should have any business to have recourse to it.

Mr. WHIPPLE. Why not, if he sent somebody to get something?

Mr. DUNCAN. Oh, yes; if he sent somebody, but I would have called their attention to it and asked about it.

Mr. WHIPPLE. But you would not have watched his desk with that same care and vigilance that you would if you had known that there was a document there as important as the President's note—indeed, two copies of the President's note—lying loose in the drawer, which was unlocked?

Mr. DUNCAN. Probably I would not.

Mr. WHIPPLE. That is all.

The CHAIRMAN. Any questions?

Mr. CAMPBELL. Did anyone come in the office that day, to your recollection?

Mr. DUNCAN. Not to my recollection.

Mr. CAMPBELL. Were you in the office from the time the note came there until the office was closed?

Mr. DUNCAN. I had to leave the office. After we finished reading the proof I personally delivered the proof to the Government Printing Office to the superintendent of work. Then I returned to the office and I was there all the rest of the day.

Mr. CAMPBELL. You returned the proof to the Printing Office?

Mr. DUNCAN. Yes.

Mr. CAMPBELL. That is, you returned this paper and a copy of this [indicating]?

Mr. DUNCAN. Yes.

Mr. CAMPBELL. To the Printing Office?

Mr. DUNCAN. Yes.

Mr. CAMPBELL. How did you take it down there?

Mr. DUNCAN. I took it down in a sealed envelope.

Mr. CAMPBELL. Who sealed it?

Mr. DUNCAN. I did.

Mr. CAMPBELL. In the office?

Mr. DUNCAN. In the office at my desk?

Mr. CAMPBELL. What time in the day did you return the Printing Office proof?

Mr. DUNCAN. I could not say the exact hour—sometime between 10 and 11 in the morning, I think.

Mr. CAMPBELL. That was on the morning of the——

Mr. DUNCAN (interposing). The morning of the 20th.

Mr. CAMPBELL. What is your recollection of the time the copy was returned to your office?

Mr. DUNCAN. The finished copy?

Mr. CAMPBELL. The finished note, in finished form.

Mr. DUNCAN. Yes; I should say it was probably 10 or 15 minutes after 3 in the afternoon.

Mr. CAMPBELL. It came in a package?

Mr. DUNCAN. It came in packages.

Mr. CAMPBELL. How was that package tied?

Mr. DUNCAN. The packages were tied and corded and sealed with wax seals.

Mr. CAMPBELL. Do you know who brought them from the Printing Office?

Mr. DUNCAN. I could not say exactly, Mr. Campbell; I presume one of their messengers.

Mr. CAMPBELL. I think that is all.

The CHAIRMAN. You are excused, Mr. Duncan.

Who is your next witness, Mr. Whipple?

Mr. WHIPPLE. Mr. Chairman and gentlemen, there are two of the gentlemen of the press who have been waiting for some time, and they make the request that their testimony be taken, which will be short, so that they can be released. It will interrupt the orderly procedure, which would be to take up the Printing Office at this time,

but I submit their requests to the committee for their accommodation.

The CHAIRMAN. Well, we will hear them now, Mr. Whipple.

Mr. WHIPPLE. Mr. Messenger.

TESTIMONY OF MR. NORTH OVERTON MESSENGER.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you give your full name?

Mr. MESSENGER. North Overton Messenger.

Mr. WHIPPLE. Will you give your residence and occupation?

Mr. MESSENGER. I reside in Washington; and do you mean my street address?

Mr. WHIPPLE. No.

Mr. MESSENGER. I am employed on the Evening Star as a political reporter or writer and attached to the Capitol staff.

Mr. WHIPPLE. How long have you occupied that position on the Star?

Mr. MESSENGER. Twenty-five years last January.

Mr. WHIPPLE. And continuously during all of that time?

Mr. MESSENGER. Continuously; yes, sir.

Mr. WHIPPLE. How long have you been assigned to duty at the White House?

Mr. MESSENGER. I am not at the White House.

Mr. WHIPPLE. Where are you?

Mr. MESSENGER. At the Capitol.

Mr. WHIPPLE. I beg your pardon; and in the press gallery?

Mr. MESSENGER. Yes, sir.

Mr. WHIPPLE. For how long?

Mr. MESSENGER. Ever since I have been on the Star.

Mr. WHIPPLE. And your duty there is to collect news and transmit it to your newspaper?

Mr. MESSENGER. Yes.

Mr. WHIPPLE. For publication?

Mr. MESSENGER. Yes.

Mr. WHIPPLE. You said you were connected with the Evening Star?

Mr. MESSENGER. Evening Star.

Mr. WHIPPLE. Can you remember where you were and what you were doing in the discharge of your duties on the 20th of December last?

Mr. MESSENGER. Why, I was at the Capitol pursuing my routine duties. I do not know exactly what it was. The paper would show. I could identify it.

Mr. WHIPPLE. Were you called up during that time and asked about the question of the issuance of a peace note by the President, or any kindred subject? Do you remember?

Mr. MESSENGER. Repeat your question, will you, please?

Mr. WHIPPLE. Please read it.

(The stenographer read as follows:)

Mr. WHIPPLE. Were you called up during that time and asked about the question of the issuance of a peace note by the President, or any kindred subject?

Mr. MESSENGER. I will tell you: Not about any peace note, but it might be a kindred subject?

Mr. WHIPPLE. Yes.

Mr. MESSENGER. I was called up—let me see if I can recollect.

Mr. WHIPPLE. Yes; this may refresh your recollection [handing paper to witness]. Mr. Hibbs gave us that when he was on the stand.

Mr. MESSENGER. Can I read this?

Mr. WHIPPLE. Yes; I will be very glad if that will refresh your memory.

Mr. MESSENGER. No; I remember it. Do you want me to read it to put it in the record?

The CHAIRMAN. It has been in the record.

Mr. MESSENGER. Oh, it has? Yes, Mr. Whipple, I was called up some time that afternoon and asked that question.

Mr. WHIPPLE. Does this tell you when you were called up?

Mr. MESSENGER. I think it was after 12 o'clock—shortly after.

Mr. WHIPPLE. Who called you up?

Mr. MESSENGER. Mr. Spade, of the firm of W. B. Hibbs & Co.

Mr. WHIPPLE. I understand that you had some sort of employment by that firm?

Mr. MESSENGER. I did.

Mr. WHIPPLE. What was it?

Mr. MESSENGER. They had the privilege of asking me for information concerning current events in Congress, or my judgment upon the status of affairs, but expressly excluding anything regarding advance information upon any subject.

Mr. WHIPPLE. Now, will you take that paper, if it will refresh your recollection, and tell this committee what Mr. Hibbs asked you?

Mr. MESSENGER. Yes. He said that he had received a message from New York saying that it was reported there that the President on the following Monday would summon the newspaper men to the White House to make some announcement regarding peace, and he asked me what I knew or thought of that. Shall I continue?

Mr. WHIPPLE. Then, did you make an investigation?

Mr. MESSENGER. Now, I do not know whether I answered him immediately or whether I made an inquiry. My impression is that the reply which I gave was right off the reel. That was that it was absurd on the face of it, that the President would not make any such announcement, but that my understanding was that Monday was the regular day for the White House conferences.

Mr. WHIPPLE. You do not remember whether you conferred with anyone or not?

Mr. MESSENGER. Well, either before making that or afterward, to check it up, I called up—not the White House, but I called up the Press Club, realizing that a number of newspaper men would be there for luncheon, to get one of them to tell me if he knew of any such—what he knew about such a report as that, and he agreed with me that it was absurd.

Mr. WHIPPLE. Do you remember who that was?

Mr. MESSENGER. Yes; but, Mr. Chairman, it was entirely an innocent conversation, and I wish you would not bring his name into it. It was quite proper.

Mr. WHIPPLE. The very fact that it is entirely innocent seems—

Mr. MESSENGER. If you insist, I shall certainly state it.

Mr. WHIPPLE. I am not going to insist at all. I do not know what the committee feel about it. I do not think it is very material one way or the other.

Mr. MESSENGER. He concurred with me, and that was the only question asked.

Mr. WHIPPLE. Did he tell you about the announcement of the Secretary of State that morning?

Mr. MESSENGER. No; and in that connection I would like to say now, and get it in the record, that I did not know until that evening after the note had been given to the press. I had not the slightest inkling of it or an intimation of it or a whisper of it. I heard nothing of it whatever at the Capitol.

Mr. WHIPPLE. But you knew at that time, when you did learn of it, after 5 o'clock, that it was held and not to be given out or published until 12.05 in the morning?

Mr. MESSENGER. I understood it was for publication in the morning papers.

Mr. WHIPPLE. Did you communicate with anyone else about that subject matter during the afternoon or evening?

Mr. MESSENGER. That evening, after the note had been given out, after the market had closed, and realizing that there was no impropriety because everybody in town was discussing the note, it was a common topic of conversation among newspaper men, I did tell some friends about it.

Mr. WHIPPLE. Perhaps this will refresh your recollection [handing paper to witness]. Is this a telegram which you sent? You see the date is a little earlier—the hour is a little earlier than the time when it was given out. What is the time stated there? Is it not 4.14?

Mr. MESSENGER. 4.14; but that was after the note was given out, because it had been discussed and talked about.

Mr. WHIPPLE. We had thought before that the note was not given out until 5 o'clock.

Mr. MESSENGER. I do not know, because when I got down town about that hour—

Mr. WHIPPLE (interposing). This must have been very promptly after it was given out—4.14?

Mr. MESSENGER. Yes; I happened to come down from the Capitol just about that time and ran right into this.

Mr. WHIPPLE. To whom is that telegram addressed?

Mr. MESSENGER. That telegram was intended for Mr. E. S. Little, an old friend of mine of many years standing, who is connected in some way with a firm of brokers in New York. I do not know the firm personally and have never had any relations with them, but I do know Mr. Little.

Mr. WHIPPLE. What is the name of the firm?

Mr. MESSENGER. Chandler Bros. & Co.

Mr. WHIPPLE. Is not that addressed to Chandler & Co.?

Mr. MESSENGER. Yes, sir. I will tell you why I addressed this to them.

Mr. WHIPPLE. I think the committee would like to have this read into the record. The committee will not know what you are explaining unless it is read into the record. This is a Western Union

telegram. Time filed, 4.14 p. m.; collect. It says: "Chandler Bros. & Co., 84 Pine Street, New York City." Then "Washington, December 20," is written in pencil and a line drawn through it, and then the typewriting goes on:

Have Mr. Little call me to-night, my residence, West 320; important.

N. O. MESSENGER.

And then it is indorsed "Rush; collect."

Now, the explanation which you wish to make will be a little more intelligible.

Mr. MESSENGER. Yes. Why, instead of addressing the telegram to Mr. Little it occurred to me that he might have gone for the day, and the telegram when received would be laid upon his desk, and I sent it addressed to the firm, so that it would be opened and they would call his attention to it if they cared to.

Mr. WHIPPLE. Did you know then that they were stock brokers?

Mr. MESSENGER. Oh, yes; I knew Mr. Little was connected in some way with this stock broking firm.

Mr. WHIPPLE. But you did not know in what way?

Mr. MESSENGER. No; I did not know in what way.

Mr. WHIPPLE. Why did you ask to have him call you up and why did you name the matter as important?

Mr. MESSENGER. My object was to tell Mr. Little that night after dinner about the note. There was to my mind no impropriety in it, as the market was closed, and before it opened in the morning the note would be on the street.

Mr. WHIPPLE. But why, then, was it marked "important"?

Mr. MESSENGER. I do not know that I should have laid special stress upon the importance of it, except to guide the people to call him up and tell him to call me up.

Mr. WHIPPLE. What advantage could there be, or what importance was it, to Mr. Little to know this before the newspapers were published in the morning?

Mr. MESSENGER. There could be no advantage, and I imagine that there could be no importance, either. He could not use it to any pecuniary advantage at all. My object was probably out of over-zealous friendship to let him know what was going on, because it seemed to be a great sensation at the time.

Mr. WHIPPLE. It seemed to be a great sensation at the time, you say?

Mr. MESSENGER. Yes.

Mr. WHIPPLE. Was that why you called it important?

Mr. MESSENGER. Yes.

Mr. WHIPPLE. Still it could not have been very important unless there was some advantage of his hearing about it that night.

Mr. MESSENGER. I did not stop at that time to differentiate so closely as that.

Mr. WHIPPLE. Did he call you up?

Mr. MESSENGER. He called me up at my residence that night.

Mr. WHIPPLE. Do you remember what you told him over the telephone?

Mr. MESSENGER. Yes; I told him in a general way——

Mr. WHIPPLE (interposing). Now, if you will state specifically to the gentlemen of the committee what you think you told him, it will

be of advantage, because they would like to know what at that hour was the current topic—what you knew at least about the substance of the President's note, or what you said to Mr. Little.

Mr. MESSENGER. I simply gave the tenor of the note—I mean the import of the note as we all understand it to-day.

Mr. WHIPPLE. Won't you frame that for the gentlemen of the committee and tell us what you said was the import of the note?

Mr. MESSENGER. Well, I will have to read the note again to give you an idea of that, sir. We all have a general understanding of what it says.

Mr. WHIPPLE. Perhaps that would take more time than the answer is worth. You attempted to summarize it and tell him about it?

Mr. MESSENGER. Yes; to give him a summary of it.

Mr. WHIPPLE. Did you tell him it was going to appear in the paper in the morning?

Mr. MESSENGER. Yes.

Mr. WHIPPLE. What did he say about it?

Mr. MESSENGER. He did not seem to be very much interested in it one way or the other. He made a remark that he understood my language.

Mr. WHIPPLE. Did he say he had heard anything about it?

Mr. MESSENGER. No; he had not.

Mr. WHIPPLE. Where had you seen a copy of the note at that time?

Mr. MESSENGER. I had been shown the note by a newspaper friend, who did it perfectly innocently, because, as I say, everybody knew that it was out. It was a matter of public comment, and anybody could have gotten it, I suppose, by applying at the State Department.

Mr. WHIPPLE. Do you really mean that at that time you mention, directly after 5 o'clock, although the Secretary of State had given it to certain reporters under the pledge that it would not be released by their newspapers until 12.05 the next morning, that anybody who would have applied at the State Department could have gotten it, and that every reporter who had it was at liberty to show it to whoever asked for it?

Mr. MESSENGER. Of course, I would have to modify my answer, because I did not apply for it, and I may have been incorrect in making that statement.

Mr. WHIPPLE. You see, these loose statements in a matter of importance not only do not help but are hurtful sometimes.

Mr. MESSENGER. Let me withdraw that answer if it is in the record, Mr. Whipple.

Mr. WHIPPLE. Who was the gentleman who showed you the copy?

Mr. MESSENGER. Would you insist upon me bringing him in?

Mr. WHIPPLE. I think the committee would want to find out whether he did it, carrying the confidence of that disclosure to you that was imposed upon it when it was given to him. Tell the committee about that first. Did he tell you the terms on which that paper was given by the Secretary of State to him?

Mr. MESSENGER. Mr. Whipple, this gentleman never stopped to contemplate for a moment that there was any breach of confidence or breach of the Secretary's prohibition.

Mr. WHIPPLE. That does not answer my question. Did he tell you, or did you know the terms upon which that was to be released, upon which it had been given to the reporters who assembled at about 5 o'clock?

Mr. MESSENGER. The terms were stated at the top of the note to be released for publication at some time in the morning; after midnight, I think.

Mr. WHIPPLE. There it is. Exhibit H—Woolsey; release for publication in the newspapers.

Mr. MESSENGER. Yes.

Mr. WHIPPLE. You saw that, did you not?

Mr. MESSENGER. Yes.

Mr. WHIPPLE. As a newspaper man did you not understand that that confidence was to be kept inviolable by everyone who had it until 12.05?

Mr. MESSENGER. Absolutely kept in confidence in the sense implied, that it should not be given for publication; and let me add further that if this had occurred prior to the closing of the stock market or at a time when it could have been of use to anybody I would not have breathed a word about it.

Mr. WHIPPLE. But the notice does not say anything about the stock market. It says——

Mr. MESSENGER (reading):

Release for publication in editions appearing on the street not earlier than 12.05 a. m.

Mr. WHIPPLE. Let me ask you if you mean, although that was released for publication not to take place before that time, each reporter who received it was at liberty to telephone or show it to anybody who saw it, so long as its publication in the newspapers was prevented?

Mr. MESSENGER. That is making a broad premise.

Mr. WHIPPLE. I think the committee is interested——

The CHAIRMAN (interposing). Let me get in my mind about that telegram. When was that sent?

Mr. WHIPPLE. 4.14.

The CHAIRMAN. 4.14?

Mr. WHIPPLE. But he said to call him on the phone. When was it that he called you on the phone?

Mr. MESSENGER. About 7.30.

Mr. WHIPPLE. So this was at about 7.30, and the only question was whether the newspaper men would feel that an important State Department document given to them at 5 o'clock indorsed "release for publication in the editions of the newspapers appearing on the street not earlier than 12.05 a. m. local time, on Thursday, December 21." gave them the right and liberty to tell anyone they saw fit about it, so long as it was not published in the newspapers at any time before 12.05 o'clock?

Mr. MESSENGER. You use the term "newspaper men" generally. I can not answer it. For myself I can say that at the time I saw no impropriety in my action.

Mr. WHIPPLE. Well, I understand there has been testimony that during that evening at a dinner it was talked of generally between

diplomats who were present. So that I do not mean to imply that your talking of it to a stock broker——

Mr. MESSENGER. Thank you.

Mr. WHIPPLE (continuing). Is any violation of the confidence.

Mr. MESSENGER. I thank you very much.

Mr. WHIPPLE. But I think that the committee would like to have just the idea with regard to it that attached to your mind.

Mr. MESSENGER. Yes.

Mr. WHIPPLE. But I understand you to say that you at that time, after it was in the hands of the newspaper men, that so long as you prevented it being published, you thought you violated no confidence to tell a friend of yours, even though he was a stock broker?

Mr. MESSENGER. And I added also that if this had occurred prior to the close of the market, so that it would have constituted advance information, I would not have breathed it——

Mr. WHIPPLE. After the stock market had closed.

Mr. MESSENGER (continuing). To anyone.

Mr. WHIPPLE. I get that; and I think it is only fair to Mr. Messenger to call his attention to the fact that the Counselor for the State Department said that it was talked of generally between diplomats who were at dinner during the evening, perhaps at the very time you telephoned to your friend.

Mr. MESSENGER. I thank you.

Mr. WHIPPLE. Will you look at this, which is an earlier telegram, that was sent by Hibbs & Co. on December 18?

Mr. MESSENGER. December 18; that is two days prior to this.

Mr. WHIPPLE. That—do you recognize that or any of that as information given by you?

Mr. MESSENGER. Oh, yes; I recognize that as my own.

Mr. WHIPPLE. That is, the latter part of it?

Mr. MESSENGER. Oh.

Mr. WHIPPLE. The whole thing—was that given by you?

Mr. MESSENGER. Yes; I think that was mine. Oh, yes; surely it was.

Mr. WHIPPLE. How was that information given?

Mr. MESSENGER. I beg pardon?

Mr. WHIPPLE. How was that given? Did Mr. Hibbs call you up?

Mr. MESSENGER. No; that was in the morning; sometimes I would write for him a little summary of the conditions in Washington: the situation here in Congress, as you see, the first part of it.

Mr. WHIPPLE. Does that contain what you would call advance information?

Mr. MESSENGER. Not a bit of it, not a particle, and let me reiterate again, as Mr. Hibbs has stated to you in his testimony yesterday, advance information was explicitly prohibited or cut out, and the latter part, of course, is merely——

Mr. WHIPPLE (interposing). I suppose that at most it could only be claimed that such employment is a temptation to advance information which ought to be strenuously resisted. I do not know that that has any materiality.

The CHAIRMAN. Was it inspected by the committee?

Mr. WHIPPLE. I think it was inspected by the committee, but it does not bear directly on this point of inquiry. That telegram on the other end is already in the record.

Mr. BENNET. Page 800.

The CHAIRMAN. That was put in the record in New York, was it not?

Mr. WHIPPLE. Oh, yes. It was put in as having come from Mr. Hibbs to Logan & Bryan in New York, but it was not known, then, just who the author of it was.

Mr. BENNET. Do I understand Mr. Messenger now says he was the author if it?

Mr. MESSENGER. Oh, yes; I wrote that.

Mr. WHIPPLE. He wrote it one morning.

Mr. MESSENGER. But, Mr. Whipple, kindly make it plain to the auditors that that has no reference to the peace note or anything with which this committee is concerning itself.

Mr. WHIPPLE. I think that is very fair. It has nothing to do with advance information with the peace note.

Mr. MESSENGER. Or anything with which this committee is dealing at present.

Mr. WHIPPLE. I am not so sure as to that proposition. It has nothing to do with any issue which they are directly interested in.

The CHAIRMAN. Let Mr. Messenger read it aloud, if he wishes. He states he is the author of it. It is in the record.

Mr. MESSENGER. Oh, no. It is in the record.

Mr. WHIPPLE. Have you any other similar employment except with Hibbs & Co.?

Mr. MESSENGER. No; I have not.

Mr. WHIPPLE. And that I think Mr. Hibbs had stated had gone on for some years?

Mr. MESSENGER. Yes.

Mr. WHIPPLE. How long have you known this Mr. Little with Candler Bros. & Co.?

Mr. MESSENGER. Mr. Little was a newspaper correspondent in Washington a number of years ago, representing a California paper, and was a member of the press gallery. I would have to go back to the Congressional Record to tell how long it was.

Mr. WHIPPLE. Have you been in the habit of informing him of important matters since then?

Mr. MESSENGER. No, not in the habit; no, sir.

Mr. WHIPPLE. But you had occasionally——

Mr. MESSENGER. Very recently.

Mr. WHIPPLE (continuing). For any consideration?

Mr. MESSENGER. No; no consideration.

Mr. WHIPPLE. How did you happen to do it?

Mr. MESSENGER. Well, early in December Mr. Little was here at the Willard and said that he was very much interested in the Mexican situation, and that they were very puzzled about it, and I told him that I would be very glad at any time if he called upon me to tell him anything I knew about the progress of affairs in Mexico as they went along, and he did, I think, I am sure upon one and perhaps two occasions, request me by telegraph to tell him of the status of affairs, which I did, it being a matter of record as "water gone over the wheel."

Mr. WHIPPLE. And this action on your part of telegraphing him when you did it was entirely voluntary?

Mr. MESSENGER. Oh, yes.

Mr. WHIPPLE. And in accordance with a sort of understanding that you had with him?

Mr. MESSENGER. No; just voluntary. I thought from the grunt he gave at the time I had not ought to have deprived him of the \$1.25 telegraph tolls involved.

Mr. WHIPPLE. Can you always tell just what the significance of that grunt is? [Laughter.]

(No response.)

Mr. LENROOT. On the 20th of December, had you been in the press gallery up to about 4 o'clock?

Mr. MESSENGER. Oh, yes; I had been at the Capitol all day. I came early that day.

Mr. LENROOT. What is the practice with reference to gossip or matter of news that comes out at the White House, or any of the departments, that is not confidential? Does that come to the press gallery pretty promptly?

Mr. MESSENGER. Oh, there is no fixed flow, or anything of that kind.

Mr. LENROOT. I understand; but I mean you learn of it during the day?

Mr. MESSENGER. It depends if you are interested and make inquiry. Everybody does not go around voluntarily giving information. Everybody is interested in his own game. This is very swift employment, and we have to work swiftly there for the afternoon papers.

Mr. LENROOT. Would you say whether or not there was any gossip in the press gallery during the day of the 20th concerning this matter?

Mr. MESSENGER. I did not hear a word, not one whisper.

Mr. LENROOT. If it had been a matter of general gossip in the city, it would have probably crept into the press gallery, do you think?

Mr. MESSENGER. It would not have reached the press gallery until after Mr. Lansing's inhibition.

Mr. LENROOT. I mean outside, if it had been, as a matter of fact, general gossip?

Mr. MESSENGER. I do not see how it could, because the boys were intent upon their own business.

Mr. LENROOT. You do not understand me. I do not mean from the newspaper boys; but if it had been a matter of general gossip in brokers' offices in the city, would that have probably crept into the press gallery—if that be true? I am not saying it is.

Mr. MESSENGER. I can not answer that.

Mr. LENROOT. What is your opinion, from the question?

Mr. MESSENGER. I do not know; that is rather an obtuse question.

Mr. LENROOT. Let me get back to my original question, then?

Mr. MESSENGER. Yes.

Mr. LENROOT. As a matter of general news—that is, not confidential—occurring in the departments or White House, does it ordinarily and naturally get into the press gallery during the day.

Mr. MESSENGER. Not unless of the greatest importance. If it had been anything concerning Germany's action on the sinking of a ship, or anything of that kind, it would be just about the same as on the floor of the House, and would be heard about the same way; you would learn about it as soon as we would.

Mr. LENROOT. If the matter of this peace note had been a matter of general gossip and not under the seal of confidence, do you think it would have crept into the press gallery during that day?

Mr. MESSENGER. Well, if it had been talked about all over town, somebody coming up from down town would have probably brought it and asked about it.

Mr. BENNET. And, Mr. Messenger, you say that this gossip had not reached the press gallery on the 20th, to the best of your recollection?

Mr. MESSENGER. I did not hear a word of the peace note or any information that any statement was coming from the White House until I got down town that evening late.

Mr. BENNET. You were not here when Mr. Godwin testified that he did hear the gossip in the press gallery, just what you might call a "smudge" of it.

Mr. MESSENGER. He may have heard; I did not.

Mr. LENROOT. Your telegram indicates that.

Mr. MESSENGER. Yes.

Mr. BENNET. Now, you said in the information that you gave to Hibbs & Co. on the 18th—in the first place, you gave that early in the morning?

Mr. MESSENGER. Yes.

Mr. BENNET. What time?

Mr. MESSENGER. Oh, about 10 o'clock, I imagine, or a quarter of 10, something like that.

Mr. BENNET. Yes; you must have given it to them before then, because they sent it over the wire at 10.

Mr. MESSENGER. Yes.

Mr. BENNET. You said:

President Wilson likely to give an intimation to the country designed more especially for financial circles to take with a grain of salt, reports of the administration's stand on peace. The President is—

Where did you get that information?

Mr. MESSENGER. That came from no specific source. That was my opinion, that the President would—now, do not let us get this mixed up, please. [Laughter.]

Mr. BENNET. I have not said a word. [Laughter.] Do not shake your gory locks at me; I am still as a mouse.

Mr. MESSENGER. There had been a number of foolish rumors on Wall Street of all kinds. They come out every day, crops of them, don't you know, and I had the impression—I do not know where I got it; not from any direct statement that I could attribute to anybody—that the White House would, when the time came to make any statement about peace—Mr. Whipple, please note this—that when the time came to make any statement about peace, give it out there, and the rumors on the market could be discredited until that time. That is a simple statement.

Mr. BENNET. Of course it is quite natural that if the President got up a peace note, it would be given out from the White House.

Mr. MESSENGER. Well, that was designed to allay these foolish reports that were going around.

Mr. BENNET. You think the President was aware of the speculative purposes to which the rumors had been applied?

Mr. MESSENGER. He must have been.

Mr. BENNET. That was just a sheer guess?

Mr. MESSENGER. That is a statement of what is supposed to be a fact. I have no doubt the President was aware.

Mr. BENNET. You do not know whether he was?

Mr. MESSENGER. He reads the papers.

Mr. BENNET. You do not even know that. There have been Presidents who did not. Did you know at that time that those rumors had been applied to speculative purposes?

Mr. MESSENGER. Why, I assume that they had.

Mr. BENNET. You did not say anything in your message about "being assumed." You made the flat statement, "The President, is aware of the speculative purposes to which rumors have been applied." Now, do you mean to tell this committee——

Mr. MESSENGER. I had read in the New York papers how the market was going up and down on these foolish reports, and that evidently people over there were trying to "string" the public with the report and were "stringing" the market, and I assumed, of course, that the President knew about it, and I had the impression—I do not know where it came from—that the White House knew that.

Mr. BENNET. In the next sentence you guard yourself—properly, it seems to me—"The White House, it is said, will be prompt to give official announcement of any definite steps by this Government." Was that just assumption on your part?

Mr. MESSENGER. Oh, yes; that was my assumption, based upon the natural conclusion and order of things.

Mr. BENNET. You had no definite information at all on which to base that?

Mr. MESSENGER. No; I hadn't any information; it was just good judgment.

Mr. BENNET. You just thought that was what would happen? [Laughter.]

Mr. MESSENGER. Yes; and it was borne out by events as a pretty good guess.

Mr. BENNET. This first sentence strikes me a little out of the ordinary: "President Wilson is likely to give an intimation to the country designed more especially for financial circles to take with a grain of salt reports of the administration's stand on peace." That was just a guess, too?

Mr. MESSENGER. No; that was based upon my impression. I do not know where I got that idea, but I had been told or observed or received the impression that the White House would tell the public to sit tight and keep quiet, and when anything happened it would be told them.

Mr. BENNET. Then, Mr. Messenger, summing up your testimony as to the three sentences on which I have examined you, there was not one single fact on which you based any one of those statements.

Mr. MESSENGER. That is an unfair allegation to make, because that premises that I was stating facts. I was distinctly not stating facts.

Mr. BENNET. I do not assume that you were. I said you had no facts upon which to base any one of those sentences.

Mr. MESSENGER. "Sentences" is all right; I thought you said "statements."

Mr. BENNET. No; "sentences."

Mr. MESSENGER. That is all right.

Mr. BENNET. Each one of them a sheer guess?

Mr. MESSENGER. Well, the result of judgment and conclusion.

Mr. BENNET. And the fact that you gave that information out for its effect on stock-market circles on the same day on which the note was actually prepared and placed in the hands of the Secretary of States is a mere coincidence?

Mr. MESSENGER. Absolutely. I did not any more dream of it than you did.

Mr. BENNET. Do you think it entirely fair to the Members of the House for men who have the privileges of the press gallery to be representing stock-brokerages houses?

Mr. MESSENGER. I will answer that by saying that this morning I notified Mr. Hibbs that my relations would cease. [Laughter.]

Mr. BENNET. That is not an answer. Would you mind answering the question I asked you?

Mr. MESSENGER. I had thought my relation was fair, because I continued in it up to this time; that is the answer.

Mr. BENNET. If it were a fair and just thing to do, why, after it had been ascertained, without any assistance on your part, that you had that relation, did you immediately discontinue?

Mr. MESSENGER. I will tell you why I immediately discontinued it.

Mr. BENNET. Yes.

Mr. MESSENGER. At the initiative of the managing editor of the Star.

Mr. BENNET. That was not voluntarily made on your part?

Mr. MESSENGER. I would have done it anyhow, but I want to give him credit for beating me to it.

Mr. BENNET. He gave you the opportunity of doing it?

Mr. MESSENGER. It was a little stronger than an opportunity. [Laughter.] I would not want, after this experience, frankly, to go within a thousand miles of a broker's office.

Mr. BENNET. You know, Mr. Messenger, as one of the able men there in the press gallery, that it is the momentary custom of some Member of the House to be called out by one of the press gallery men, who, when that Member comes out, says, "I represent this paper or that paper," and the Members of the House talk to those men pretty freely, do they not?

Mr. MESSENGER. Oh, yes.

Mr. BENNET. Well, do you not think it would be fair, if there are other men in the press gallery who still retain their stock-market connections, if, when they call a Member of the House, to say, "I represent such-and-such a paper and such-and-such a stock-exchange house"?

Mr. MESSENGER. Mr. Bennet, my answering that would be to criticize my colleagues. Let each man go upon his own base. I have made my stand.

Mr. BENNET. No; you have not. You have never answered the question I asked you. Do you think it fair to the Members of the House, toward whom you occupy confidential relations, for members of the press gallery, who have access to information that others do not, to represent a newspaper and a stock-exchange house at the same time, without knowledge on the part of the Members of the House that they are representing stock-exchange houses?

Mr. MESSENGER. It depends upon the question that he would ask the Member of the House. I have never asked a Member of the House or anyone else for advance information.

Mr. BENNET. That is not the question. Do you not think that the Members of the House, in all fairness, when they are called out by a man who describes himself simply as a newspaper representative, a class which we all hold in very high esteem, ought to have the absolute right to believe that the newspaper man is what he represents himself to be, nothing but a newspaper man?

Mr. MESSENGER. Why, yes; I imagine—I agree with you now.

Mr. BENNET. How many members of the press gallery are there who represent stock-exchange houses?

Mr. MESSENGER. I have not the slightest idea. I do not know of any.

Mr. BENNET. You did until this morning?

Mr. MESSENGER. Yes. I do not think I represented a stock-exchange house.

Mr. BENNET. You got \$100 for answering questions Mr. Hibbs put to you?

Mr. MESSENGER. Yes.

Mr. BENNET. That is a fair statement?

Mr. MESSENGER. That is absolutely correct.

Mr. BENNET. Mr. Essary had some sort of a friendly relation with Connolly & Co.?

Mr. MESSENGER. I did not know anything about it.

Mr. BENNET. I am telling you.

Mr. MESSENGER. Yes.

Mr. BENNET. Mr. Price had a relation with Aldridge and Finley Barrell & Co. Outside of those three men that the committee has discovered, under oath, do you know of any other members of the press gallery?

Mr. MESSENGER. No; not to my recollection, I do not. I would not—

Mr. BENNET. Yes; you would. You would testify.

Mr. MESSENGER. Oh, yes; certainly I would. I mean I do not want to perjure myself. I do not know of any of them.

Mr. BENNET. If I should ask you particular names, would you amplify your testimony in any way? I would not do that unless you can, under oath.

Mr. MESSENGER. About what?

Mr. BENNET. If I should pick out that man and this man and ask, "Does he represent any stock brokerage house?" would that give you an opportunity to amplify your testimony?

Mr. MESSENGER. I would answer the question promptly and truthfully, but I do not know of any person. I should hesitate, for it would be unfair to put hypothetical questions and put names in the record that might not belong there.

Mr. BENNET. Has any member of the press gallery ever stated to you that they represented either a stock-exchange house or gave information to a stock-exchange house, or were in the employ of any Member of Congress, or in any way had any income derived from their efforts, other than the income that they received from their papers?

Mr. MESSENGER. No; none that I recall.

Mr. BENNET. Do you recognize that question of mine as being a rather broad and sweeping question?

Mr. MESSENGER. Yes; and I answered frankly, to the best of my recollection. I can not locate any such person.

Mr. BENNET. So you do not think it is necessary for Members of Congress when they are called out to say to newspaper men, "In addition to your newspaper, what exchange house do you represent?"

Mr. MESSENGER. I do not think anybody would object.

Mr. BENNET. But do you think it would get negative results?

Mr. MESSENGER. Yes.

Mr. BENNET. You have already said that you recollect giving this information to Hibbs & Co. on the 18th, which was more or less different from the fact as it subsequently developed, was a coincidence?

Mr. MESSENGER. Oh, I am absolutely positive of it.

Mr. BENNET. Do you think it was also a coincidence that in the Wall Street Journal and other publications there was at the same time, for the consumption of the general public, running a series of articles, all saying there was no immediate prospect of peace, while the elect, in the circumscribed inner circle which we have developed, were getting the correct information?

Mr. MESSENGER. I have not any opinion upon that at all, because I have no information.

Mr. BENNET. You have heard nothing of that?

Mr. MESSENGER. Oh, no, indeed.

Mr. LENROOT. Just one question. Do I understand you, Mr. Messenger, that your arrangement with Hibbs & Co. was that you were free to say to Hibbs & Co. what you thought was going to happen, but if you knew it was going to happen you were not free to do it?

Mr. MESSENGER. If anything of a confidential nature.

Mr. LENROOT. I understand; but supposing it was not?

Mr. MESSENGER. I could give my judgment. For instance, if they asked me if I thought there was going to be an extra session of Congress and I said, "Nobody wanted one, but the way things were going now, unless speeded up there would be one, perhaps." [Laughter.] The audience is having a lot of fun with me, which I do not relish very much.

Mr. LENROOT. Supposing some gentleman in the majority would speak to you as an absolute fact, with authority, that there was going to be a special session of Congress, would you be at liberty to give that information to Hibbs & Co.?

Mr. MESSENGER. Absolutely not, if he said it was confidential.

Mr. LENROOT. Oh, no; not confidential. If you got to him first.

Mr. MESSENGER. If he said that he knew it?

Mr. LENROOT. Yes.

Mr. MESSENGER. Yes; I would print it in the Star and tell my colleagues and everybody else.

Mr. LENROOT. Would you give it to a broker?

Mr. MESSENGER. I would give it to anybody that wanted it.

Mr. LENROOT. You said you were not at liberty to give advance information. You mean by that you are not at liberty to give confidential information?

Mr. MESSENGER. Absolutely; that my confidence would prohibit that.

Mr. BENNET. The difficulty of your position is this: That your conscience is the sole judge, and when you pass on those questions you and your conscience are in executive session. [Laughter.]

Mr. MESSENGER. That is not a question.

TESTIMONY OF THOMAS F. LOGAN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you give your residence and occupation, Mr. Logan?

Mr. LOGAN. Willard Hotel, Washington, D. C. My occupation is newspaper and magazine writer.

Mr. WHIPPLE. With what publications are you connected and in what capacity, Mr. Logan?

Mr. LOGAN. I write editorials for the Washington Post. I am a correspondent of the Philadelphia Inquirer. I represent the Manufacturers' Record, which circulates in the South; I represent Leslie's Weekly and the American Economist and the Wall Street Journal.

Mr. WHIPPLE. What are your duties in connection with the Wall Street Journal?

Mr. LOGAN. Largely writing matter that would come under the head of "editorials" more than news; in other words, they call upon me sometimes for an editorial expression for some information about the status of a bill or what is the opinion in Washington as to things that are going on here; largely a matter of opinion.

Mr. WHIPPLE. And your relation to the Philadelphia Inquirer?

Mr. LOGAN. My relation to the Philadelphia Inquirer is news gathering. That is the one connection that I have that requires me to get news and information and advance information if I can get it.

Mr. WHIPPLE. That is a morning newspaper?

Mr. LOGAN. That is a morning newspaper.

Mr. WHIPPLE. How long have you represented them?

Mr. LOGAN. I have been with the Philadelphia Inquirer probably 17 or 18 years, first in Philadelphia and then in Washington.

Mr. WHIPPLE. How long have you represented them in Washington?

Mr. LOGAN. I have represented them here eight years.

Mr. WHIPPLE. Have you an office, with a corps of gentlemen under you, who assist in the collection of news?

Mr. LOGAN. I have my own office and two assistants and a stenographer. I have an extra stenographer come in, if it is interesting, to take my editorial work.

Mr. WHIPPLE. And that is for the Washington Post?

Mr. LOGAN. The editorial work that I referred to is for the Washington Post.

Mr. WHIPPLE. You have nothing to do with news gathering there?

Mr. LOGAN. Nothing at all.

Mr. WHIPPLE. Does your paper, the Inquirer, have a representative either at the State Department or in the pressroom at the White House or in the press galleries?

Mr. LOGAN. I am held responsible for the whole field in Washington—the Capitol and the State Department—but I have never deemed it expedient to have either of my assistants cover either of those points

regularly. I usually send one of my assistants up into the press gallery in the afternoon, mainly to get what we call local material.

Mr. WHIPPLE. Did you have any representatives on December 20 at the State Department, when Mr. Secretary Lansing made his announcement in regard to the so-called "peace note"?

Mr. LOGAN. I did not.

Mr. WHIPPLE. When did you first hear of that announcement or hear of the publication of the peace note?

Mr. LOGAN. When this leak investigation began I read it in the newspapers that there was a conference on that day. I had not known it up to that time.

Mr. WHIPPLE. Did not the Philadelphia Inquirer have a copy of the note the next morning?

Mr. LOGAN. We had. I sent my office boy up for it about 6 o'clock that night to the State Department.

Mr. WHIPPLE. How did you hear it had been issued?

Mr. LOGAN. I think that my assistant told me about a quarter to 6; something like that. That was the first time I knew of it, and I was very much surprised.

Mr. WHIPPLE. That was long before the leak investigation started. I asked you when you first heard of it.

Mr. LOGAN. I thought you asked me when I had heard of the conference in Mr. Lansing's office; pardon me.

Mr. WHIPPLE. I think you are perfectly correct—that your answer is correct. You had heard before of the peace note being issued, but you had not heard of the meeting at the Secretary's office?

Mr. LOGAN. That is right.

Mr. WHIPPLE. You are quite right. You learned when your representative got the copy as to the terms of the release; or did you happen to see it?

Mr. LOGAN. Oh; the original? This was a copy very similar to that I sent for and received, probably; I am not very sure about the time.

Mr. WHIPPLE. Is that marked as an exhibit?

Mr. LOGAN. "Exhibit Woolsey," I think it is.

Mr. WHIPPLE. I want to direct your attention to a part of the record which appears on page 225 of the printed copy, and in connection with Mr. Boyle's testimony. You know Mr. Boyle?

Mr. LOGAN. Well, as a matter of fact, I know him but slightly. I think that he would know me; I think that he would. I know him by sight.

Mr. WHIPPLE. Well, he is not under you?

Mr. LOGAN. No; in no way at all; and I have nothing to do with their bureau.

Mr. WHIPPLE. How are you connected with him?

Mr. LOGAN. With Mr. Boyle?

Mr. WHIPPLE. Yes.

Mr. LOGAN. I have no connection and no relation with him. I was employed by the Wall Street Journal for the kind of service I have outlined.

Mr. WHIPPLE. But Mr. Boyle——

Mr. LOGAN. Has charge of his own bureau.

Mr. WHIPPLE. For news gathering here in Washington; and you are not charged with any of that?

Mr. LOGAN. Yes; and he is held responsible for the daily developments.

Mr. WHIPPLE. In the evening edition of December 20 of the Wall Street Journal there appeared this statement:

Washington. The President will not issue any peace manifesto in the near future; nor does he contemplate any move at this time. He is watching developments closely, but will not make any move that will be misconstrued. He is waiting with interest for a formal reply of allies and the attitude of Germany toward that reply.

Did you have anything to do with that?

Mr. LOGAN. I think that I wrote that.

Mr. WHIPPLE. At what time in the day did you write that? I would like to have you state the circumstances.

Mr. LOGAN. Yes; I will. This was a telegram sent in response to one received from the Wall Street Journal. They said—I have not got a copy of the telegram, but I can give it to you, and I think it was presented here in this investigation. I am not sure, but I think it was presented by Mr. Reilly.

Mr. WHIPPLE. Mr. Reilly did not have your telegram, because you did not know either of those gentlemen.

Mr. LOGAN. Oh, I know Mr. Reilly as the managing news editor of the Wall Street Journal.

Mr. WHIPPLE. He did not present a telegram addressed to you, did he?

Mr. LOGAN. I understood that he did or that he said he had called upon me, but I can give you the substance.

Mr. WHIPPLE. Go right ahead.

Mr. LOGAN. I think I can clear it up very quickly for you. He wired me that there was some report in Wall Street that a peace manifesto—he used that phrase very distinctly—was coming out in the near future, and I had been writing for some time based upon the information that I had been gathering in Washington that there was going to be no peace manifesto. I thought it very unlikely one would follow so shortly the German peace proposals, and I promptly sent this off, which I now find was incorrect.

Mr. WHIPPLE. How was that sent?

Mr. LOGAN. Sent by telegraph.

Mr. WHIPPLE. The one that you sent?

Mr. LOGAN. Yes; the one that I sent.

Mr. WHIPPLE. The telegram that you signed?

Mr. LOGAN. Yes; I signed it.

Mr. WHIPPLE. Now, before sending it, what investigation did you make?

Mr. LOGAN. As a matter of fact, I am not sure whether I made an investigation of it before or afterwards, but that afternoon I met Mr. Tumulty, the President's secretary, and I asked him whether he knew of any moves contemplated in the near future. He said that he did not, and I asked him whether I was at liberty to use that for publication, and he said I was.

Mr. WHIPPLE. That was in connection with this particular telegram that you have just acknowledged?

Mr. LOGAN. Yes; and my recollection is not at all clear as to whether I did not attach very much importance to the telegram, and my recollection is not clear whether I asked him that as a result of

the telegram I received, or whether I based my telegram upon the impression that he gave me.

Mr. WHIPPLE. Could you say what time of day it was that you asked Mr. Tumulty that?

Mr. LOGAN. Yes; I think that it was between 2 and 3 o'clock, while he was coming back to the White House from lunch.

Mr. WHIPPLE. Will you state specifically again, if it would not trouble you too much——

Mr. LOGAN. Not at all.

Mr. WHIPPLE. Just what you asked him?

Mr. LOGAN. I asked him a question that is quite characteristic of the newspaper men in Washington, "Is there anything doing in a newspaper line?" And he said "No," and I said "Are there any moves on yet—have you heard any peace talk?" And he said "None at all. I have not heard of anything at all in that direction." And I asked him whether I was at liberty to use that, whether that was authoritative, and he said that it was.

Mr. WHIPPLE. That was between 12 and 1?

Mr. LOGAN. No; that was between 2 and 3.

Mr. WHIPPLE. Of Wednesday, December 20?

Mr. LOGAN. Yes, sir.

Mr. WHIPPLE. And you think it was on the basis of that that you sent this?

Mr. LOGAN. Yes; I think it was.

Mr. WHIPPLE. Did you have any other basis for this information, and especially this first sentence: "The President will not issue any peace manifesto in the near future, nor does he contemplate any move at this time"?

Mr. LOGAN. Well, I am not quite sure of the reports and rumors that came to me, but I had understood that it had been made quite plain for several days past at the White House that no such move was contemplated.

Mr. WHIPPLE. Now, at that time——

Mr. LOGAN. But that is merely informal and just for your information.

Mr. WHIPPLE. And at that time, between 2 and 3 o'clock in the afternoon of the day of Secretary Lansing's announcement at 11 o'clock, you not having heard of it——

Mr. LOGAN. Yes; that is right.

Mr. WHIPPLE. Mr. Tumulty gave you this information which he said you might use?

Mr. LOGAN. Yes; that is right. I am always particular, I might say, since this question has arisen, when anything is told me, frequently it is not told confident, but if there is any chance of it being a confidential communication or being intended that way, I leave no doubt as to my own propriety in the matter, by asking the specific question whether it can be made use of.

Mr. WHIPPLE. Take the next sentence: "He"—that is, the President—"is watching developments closely, but will not make any move that will be misconstrued." Do you think that was founded upon what Mr. Tumulty told you?

Mr. LOGAN. It was founded upon the known characteristic of President Wilson, as everybody in Washington understands it.

Mr. WHIPPLE. And not upon anything that Mr. Tumulty said, other than that no peace move or manifesto was just now contemplated?

Mr. LOGAN. That is true. And I also might amplify my statement by saying that I felt perfectly sure that if a matter of such importance as this had been contemplated that Mr. Tumulty would have not made the statement that he did make to me.

Mr. WHIPPLE. If he had known it?

Mr. LOGAN. Yes; if he had known it.

Mr. WHIPPLE. The next sentence is that "He"—that is the President—"is waiting with interest formal reply of allies and the attitude of Germany toward that reply." Did Mr. Tumulty intimate that, or that in substance?

Mr. LOGAN. No; he did not. That was my presumption, and I think it was a fair assumption also, and based upon my knowledge of the way things are done in Washington.

Mr. WHIPPLE. That would, as one reads it, appear to be rather what you call a "inspired publication," would it not?

Mr. LOGAN. That?

Mr. WHIPPLE. Yes; I mean as you read it.

Mr. LOGAN. Well, if you mean that I had an inspiration when I wrote it, Mr. Whipple, I do not think I did, because my information proves to be incorrect.

Mr. WHIPPLE. What I mean is this: You speak of telegrams or news items that come from Washington as being inspired by this circle or that?

Mr. LOGAN. Yes; but I tell you, Mr. Whipple, I imagine you are anxious to find out just what an inspired telegram would be or what an inspired publication would be.

Mr. WHIPPLE. Yes.

Mr. LOGAN. We would regard that as something we were asked to print rather than based upon inquiries that we made ourselves.

Mr. WHIPPLE. That is, occasionally a public official, wanting a subject matter to be known or spoken of, or wanting a disclosure to be made, but not wishing to authorize it officially, will give such close information to a reporter for publication that the reporter feels that he may state it in authoritative form?

Mr. LOGAN. That is true.

Mr. WHIPPLE. And knowing that he would be backed up in his information if the question should be raised, and that is "inspired"?

Mr. LOGAN. That is true; but inspired statements, so called, almost went out of fashion with Col. Roosevelt.

Mr. WHIPPLE. So, although this appears to be inspired, it is not?

Mr. LOGAN. No; it is not. It is not what I would call "inspired."

Mr. WHIPPLE. Except as in part at least based upon the conversation with Mr. Tumulty, which you have narrated?

Mr. LOGAN. Yes.

Mr. WHIPPLE. And upon which he said you might depend?

Mr. LOGAN. Yes; that is right. He seemed to be very offhanded about it, as though he thought the thing was rather surprising—I mean, to suppose there was such a statement.

Mr. WHIPPLE. To show you there was not anything in it, so to speak?

Mr. LOGAN. Yes.

Mr. WHIPPLE. Are you—and you will pardon me asking it—under any contract or obligation to any brokers or brokerage house of any sort or description gathering news?

Mr. LOGAN. I am not.

Mr. WHIPPLE. It is merely your connection with this financial journal, which, of course, reaches all brokers by its publications?

Mr. LOGAN. Yes.

Mr. WHIPPLE. Are you in the employ of any Member of Congress?

Mr. LOGAN. I am sorry to say I am not. I would consider it an honor, Mr. Bennet.

Mr. WHIPPLE. What time is the evening edition of the Wall Street Journal published?

Mr. LOGAN. I am not sure, but I think it is around half past 3; something like that. I am not familiar with the hours.

Mr. WHIPPLE. The paper is made up practically, is it not, of bulletins that have been issued during the day?

Mr. LOGAN. Yes; that is correct.

Mr. WHIPPLE. Except so far as any editorial comment or statement of what is going on at the Waldorf is also included?

Mr. LOGAN. That is true. Mr. Whipple, might I make this statement? It occurs to me that frequently public men give partial confidences to newspaper men. They frequently give under the seal of secrecy information that is not correct, and ask that it be kept in confidence. The only way a newspaper man can keep confidence with the public man is when the public man will be frank with him, and when the confidence is given I do not believe any newspaper man has ever violated it. That is the standard of the Washington corps of correspondents, and they are probably the finest body of men in the world, and I do not believe the standards are anywhere so high, and I think the Members of Congress will agree with that statement. I do not believe there is any member of this committee that has ever had his confidence violated by any newspaper man.

Mr. WHIPPLE. That is entirely fitting that you should make such a statement, to be made a part of the record, as I understand?

Mr. LENROOT. I do not think I could have understood you, but did I understand you to say a confidence that is kept depends upon the accuracy of the information, Mr. Logan?

Mr. LOGAN. No; it is not. But a certain degree of responsibility rests upon a newspaper man to supply his newspaper with correct information. Supposing, for instance, a Member of Congress should tell a newspaper man that he was accused of a crime. There is a very serious question whether the newspaper man would be justified in keeping that confident. I think that would be compounding a felony if he did so. At the same time, the point that I had in mind was this, that there have been cases where public officials—not that I know of, but I can conceive of such a case—where a public official would give information, knowing that it was incorrect, and when the newspaper man came in another way upon the correct information I should not think that he would keep the confidence.

Mr. LENROOT. I can understand that.

Mr. LOGAN. In other words, it is a joint arrangement by which each should be wholly fair with the other.

Mr. LENROOT. You mean in the one case there are some things no newspaper man should permit anyone to give him in confidence.

Mr. LOGAN. That is it exactly.

Mr. BENNET. What use are the members of the newspaper corps permitted to make of their various interviews with the different Presidents of the United States?

Mr. LOGAN. With the different Presidents?

Mr. BENNET. Is there a standing custom that affects all Presidents equally?

Mr. LOGAN. Each President has laid down the rules for his own statements to the newspaper men. Now, at the conferences that President Wilson has with the newspaper men, it is the rule that he shall not be quoted directly.

Mr. BENNET. Well, then, is this so——

Mr. LOGAN. They can make use of the information, as I understand it, that he gives—I mean, mainly for their own guidance.

Mr. BENNET (continuing). Would a newspaper man be at liberty, if the President made a statement of fact, to publish that statement in his paper as a statement of fact, without in any way indicating the President as his authority for the statement?

Mr. LOGAN. That was the custom, as I have said, under Mr. Roosevelt's administration. He would give them information, with the strict understanding that they would use it acting for themselves and take the full responsibility of its accuracy and of its reception by the public. They would almost have to guarantee a favorable reception by the public.

Mr. CHIPERFIELD. For Roosevelt that would be quite a contract, would it not?

Mr. LOGAN. Yes.

Mr. BENNET. What is the custom now?

Mr. LOGAN. President Wilson has made it a custom to talk very little, and he answers questions rather laconically and, I may say, gives very little information.

Mr. BENNET. Do you think that is quite an answer to the question I asked you?

Mr. LOGAN. What is his custom? Pardon me.

Mr. BENNET. You said under Roosevelt there was a rule. What is the rule under the present administration?

Mr. LOGAN. The President has lately resumed his conferences with the newspaper men, and he gives information largely for their guidance. He is asked questions as to whether he is going to press for action something of this kind or the other kind. If he gave an indication that a bill is going through Congress it would be a very good piece of news, because he seems to have some connection with that. [Laughter.]

Mr. BENNET. But I do not quite yet get your point of view, whether you would feel at liberty to do the same thing as you did under the Roosevelt administration; that is, to use your illustration, if the President intimated that a particular measure was going to go through Congress, would you feel at liberty to publish in your newspaper as a fact that that bill was going to go through Congress?

Mr. LOGAN. Well, you might be; I would not. [Laughter.]

Mr. BENNET. Why would you not?

Mr. LOGAN. I would first—if I thought it was important enough to do that—I would do what I have done before—ask Mr. Tumulty

whether it is not possible to get the President's permission to quote him directly on that point.

Mr. BENNET. Do I understand your interpretation of the rule to be that anything that is said at the White House is not to be used unless the President subsequently gives you permission to use it?

Mr. LOGAN. No; that is incorrect. I do not mean to give that impression. I mean that the statements that he makes in these White House conferences are designed for the guidance and information of the newspaper men, but the question has rarely arisen, because he has rarely given any information.

Mr. BENNET. Assume that he has, on those rare occasions when he did give information, would you feel at liberty to print that in your paper as a fact, concealing, of course, the fact that your source of information was the President of the United States?

Mr. LOGAN. No; I would say, "Upon high authority it was stated to-day that this would be done."

Mr. BENNET. You would not go any farther than that?

Mr. LOGAN. No—"or in official circles this is understood as going to be done."

Mr. BENNET. And, in other words, you would not go farther than to print that as rumor?

Mr. LOGAN. There is a differentiation between a rumor and a statement for which the newspaper itself takes responsibility; and the newspaper, in getting it upon such high authority, would probably feel like taking responsibility for the statement. I would, myself.

Mr. BENNET. When you introduce one of those statements with the phrase, "In official circles it is said," is that rumor or something that the paper takes the responsibility for, or what?

Mr. LOGAN. Well, the paper really has to take the responsibility even for the printing of rumors, and I have never known—in fact, I have never sent off anything that was a mere rumor. I think a newspaper man who tried to do that in Washington would find that he would not have his position in a very short time, because there are a great many rumors running around Washington. [Laughter.]

Mr. BENNET. Do you have any working combination with any newspaper in Philadelphia, other than the Inquirer?

Mr. LOGAN. No. What do you mean by "working combination"?

Mr. BENNET. I mean this: Three or four papers in Philadelphia are represented in the press gallery?

Mr. LOGAN. Yes.

Mr. BENNET. Well, it would not be an unheard of thing, if you had such relation with certain representatives, that they would cover a certain place and you would cover a certain place, and you would exchange information?

Mr. LOGAN. There is no such arrangement of that kind, Mr. Bennett; but I am personally friendly with the correspondents of the Philadelphia papers, and I meet them frequently, and one of them at least is a social friend, and naturally when we meet we frequently talk over things of the day. The man I have in mind is one who, if he received any confidential information, close as he is to me, would not tell it to me.

Mr. BENNET. But you have no real arrangement to exchange notes?

Mr. LOGAN. Nothing at all.

Mr. BENNET. Or nothing more than might occur between any other two members of the press gallery?

Mr. LOGAN. That is it exactly.

Mr. BENNET. I have made myself clear to you?

Mr. LOGAN. Oh, yes. There is no such arrangement.

Mr. CHIPERFIELD. Just a question, more for curiosity than the record. If I understood you correctly, you said that if a matter was given you in confidence and you afterwards ran on to the same matter in the usual legitimate course of news gathering, that you would feel bound by the confidence——

Mr. LOGAN. I would.

Mr. CHIPERFIELD (continuing). First imposed?

Mr. LOGAN. I would.

Mr. CHIPERFIELD. And not use the matter which you discovered for yourself was along the same line as the confidence extended to you?

Mr. LOGAN. I would. I would, and I would be willing to take my "beating" for it, and, incidentally, it gives public officials a very easy way to suppress information.

Mr. CHIPERFIELD. That was what I had in mind, if you felt that obligation, when you discovered, if it was in a general statement, the way to suppress it would be to tell you it was in confidence?

Mr. LOGAN. And I have frequently been given my "beating" in that way.

Mr. HARRISON. You say that this editorial that appeared in the Wall Street Journal published in the edition of Wednesday afternoon, December 20, was written based on the conversation that you had with Mr. Tumulty about, say, 2 o'clock?

Mr. LOGAN. Between 2 and 3 o'clock.

Mr. HARRISON. I want to ask you, do you think that Mr. Tumulty would intentionally deceive you in giving you false information?

Mr. LOGAN. I feel as sure as I can be of anything that he would not do so.

Mr. HARRISON. He would not?

Mr. LOGAN. No, sir.

Mr. HARRISON. I will ask you, do you believe, in view of what he told you, that the President would not issue any peace manifesto in the near future, that a contemplated move at this time, and so forth, about 2 o'clock of December 20, that he had any information that was to be published at 12.05 Thursday morning, December 21?

Mr. LOGAN. If I were placing a bet on it I would bet 10 to 1 that he did not.

Mr. LENROOT. As a matter of fact, in the general gossip in the press room of the White House up there, did you think it likely that some one would have called it to the attention of Mr. Tumulty, knowing the general running of things up there?

Mr. LOGAN. Yes. As a matter of fact, I do not know what time this announcement was made by Mr. Lansing in his office. Even now I have not followed this hearing closely enough to know what time the newspaper men were there and what time they got there.

Mr. LENROOT. About 11 o'clock?

Mr. LOGAN. Yes; I have no doubt it was brought to his attention.

Mr. CAMPBELL. Mr. Logan, it has been stated here in evidence that

about from 11 o'clock on this matter was common rumor in the streets of Washington. Certain witnesses have testified that rumor so permeated the atmosphere here that they could write a fairly good condensation of the note itself upon it, and you did not hear of the rumor at all?

Mr. LOGAN. I thought it was a flareback from New York; I thought it was a stock-market rumor, and as a matter of fact——

Mr. CAMPBELL. It was stated also that he had been talked of in the press club.

Mr. LOGAN. I was not at the press club, and I was not at the press gallery, and not at the State Department on that particular day, and that probably accounts for my lack of knowledge of it.

Mr. CAMPBELL. And you were not at the White House that day?

Mr. LOGAN. No. I walked past the White House, and I think I was about to go in when I met Mr. Tumulty coming from his lunch.

TESTIMONY OF MR. JOHN H. HOOPER.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Chairman and gentlemen, I propose now, with your approval, to take up the members of the Printing Office who dealt with the printing of the President's peace note. Two of them have been called, and I understand we can get them in the morning.

What is your residence and occupation?

Mr. HOOPER. 809 First Street NW.; employed in the Government Printing Office as copy preparer.

Mr. WHIPPLE. You are a copy preparer?

Mr. HOOPER. Yes, sir.

Mr. WHIPPLE. What is a copy preparer?

Mr. HOOPER. Well, sir, he receives the copy when it comes in, when it is in a more or less crude form, and prepares it for the printer. He marks the various headlines and dashes, and goes through the copy, looking for grammatical errors, punctuation, etc., double leads it, and prepares it for the printers.

Mr. WHIPPLE. Let me direct your attention to a highly important communication that came into your office, as I understand it, on the afternoon of December 19, what is now called the "President's peace note." Do you remember the circumstance?

Mr. HOOPER. I remember the circumstance, but am not positive as to the date.

Mr. WHIPPLE. Into whose hands would a manuscript like that first go when it comes into the office?

Mr. HOOPER. I could not tell you into whose hands, when it first comes into the office, before it comes to me.

The CHAIRMAN. Talk a little louder; raise your voice so the members of the committee can hear you.

Mr. HOOPER. I could not tell into whose hands it comes.

Mr. WHIPPLE. From whom do you get it?

Mr. HOOPER. I get it from Mr. McAvoy.

Mr. WHIPPLE. Well, assume that it comes in his hands. Who is Mr. McAvoy?

Mr. HOOPER. He is assistant superintendent of work—a boss up there.

Mr. WHIPPLE. Can you remember in what shape the manuscript of this note came into your office—into your hands? You may assume—I think it was true it was Tuesday evening or afternoon of December 19.

Mr. HOOPER. It came in in typewritten form, and several folios of it.

Mr. WHIPPLE. Will you look at this manuscript which I hand you, which is "Exhibit James No. 2"? Do you recognize that [handing paper to witness]?

Mr. HOOPER. Yes, sir; it has my markings on it.

Mr. WHIPPLE. And now look at "Exhibit James 4." Do you recognize that?

Mr. HOOPER. This is the duplicate copy, although it was cut so that it could be run twice. Each take winds up the same way, so it could be run through the machine twice. It is addressed one to each of warring factions over there, and that is the reason there were two copies and two jacket numbers.

Mr. WHIPPLE. Or, rather, to two ambassadors of the United States?

Mr. HOOPER. Yes, sir.

Mr. WHIPPLE. Now, you have those in your mind?

Mr. HOOPER. Yes, sir.

Mr. WHIPPLE. Will you tell us in what shape they came in—for instance, page 1—is it just the shape it is here, and also page 2?

Mr. HOOPER. No, sir; this came in—I pasted this on here myself [indicating].

Mr. WHIPPLE. That is, 1 you pasted onto a little stiffer back, and also page 2?

Mr. HOOPER. Yes, sir; and page 2 I cut off probably further, and then this is the end of a folio when it first came in.

Mr. WHIPPLE. That is, wherever——

Mr. HOOPER. Wherever it is pasted. I cut that to wind up the paragraph, so as to obviate trouble for the printer in each instance in winding up the paragraph.

Mr. WHIPPLE. How much of that was given to one printer? Go through it and indicate. How much did the first typesetter have?

Mr. HOOPER. I cut these so they can get it out——

Mr. WHIPPLE. No; just tell us how much the first one had.

Mr. HOOPER. I could not tell you.

Mr. WHIPPLE. And if it was cut up for that purpose?

Mr. HOOPER. It was cut up for that purpose. I would cut it so they could give it out in one, two, or three takes—sheets—as we supposed.

Mr. WHIPPLE. There is one [indicating].

Mr. HOOPER. There is one.

Mr. WHIPPLE. That is three pages?

Mr. HOOPER. That is not my mark.

Mr. WHIPPLE. That is right; but that indicates the first three pages that went to No. 1, does it not?

Mr. HOOPER. Let me see. That would appear to indicate that; yes, sir; and that this was another page.

Mr. WHIPPLE. There, No. 2, is the second?

Mr. HOOPER. That would appear——

Mr. WHIPPLE. And the next page is No. 3?

Mr. HOOPER. Yes; and another.

Mr. WHIPPLE. Four.

Mr. HOOPER. And another.

Mr. WHIPPLE. Five.

Mr. HOOPER. And another.

Mr. WHIPPLE. That is right. There you have it. There you have six of them.

Mr. HOOPER. It is folioed eight times. The other is the same way.

Mr. WHIPPLE. But that is the original of that, is it not?

Mr. HOOPER. No, sir; that is not the original of that; this is not the original paging. Those are our jacket numbers.

Mr. WHIPPLE. But, apparently, there are takes that usually go to six men to set the type?

Mr. HOOPER. Yes, sir; that would indicate that.

Mr. WHIPPLE. Now, look at the other. How many men was that given to?

Mr. HOOPER. Well, sir, they were both, as I said, run twice. Only six men handled the composition in that, I would judge.

Mr. WHIPPLE. Only six men?

Mr. HOOPER. Both of these notes are identical?

Mr. WHIPPLE. Practically, I guess.

Mr. HOOPER. They cut the copy and run it through the machine twice, and each is then read by the proof reader.

Mr. WHIPPLE. Do not go ahead with that. Six men were engaged in setting the type.

Mr. HOOPER. That is only a supposition.

Mr. WHIPPLE. Who would know that?

Mr. HOOPER. After I prepared it I turned it back to Mr. McEvoy, and then he gives it to the men; then it goes to the composing room.

Mr. WHIPPLE. That is all you know of it?

Mr. HOOPER. That is all I know of it.

Mr. WHIPPLE. You cut it up like this and hand it back to Mr. McEvoy?

Mr. HOOPER. I cut it up and mark the headings, the type; mark it double leaded, and things like that.

Mr. WHIPPLE. Did you see it again?

Mr. HOOPER. I did not, sir.

Mr. WHIPPLE. That was the end of your work?

Mr. HOOPER. That was the end of my work.

Mr. WHIPPLE. You do not know what happened to it after that, specifically?

Mr. HOOPER. No, sir.

Mr. WHIPPLE. Except the general run of your office, and if we asked you all about that we would not have anything for the rest of the men to tell us.

Mr. LENROOT. You state you cut up the copy?

Mr. HOOPER. Yes, sir.

Mr. LENROOT. In cutting up that copy did you have any purpose in cutting it so that its contents would be secret in the composing room?

Mr. HOOPER. No, sir. My only purpose in cutting it as I did is to get in text so that the printers could handle it.

Mr. LENROOT. In the usual way of doing any other ordinary business?

Mr. HOOPER. Yes, sir.

Mr. LENROOT. Then this copy was not handled differently from any other copy running through your office?

Mr. HOOPER. I think it came to Mr. McEvoy confidential and rush, and it was brought to me by Mr. McEvoy, and we all know those State papers are confidential, and there is greater secrecy about it, of course, than there is about anything else.

Mr. LENROOT. How long have you been in the Printing Office?

Mr. HOOPER. Since 1900, practically all the time.

Mr. LENROOT. Do you remember occasions where, in order to insure preservation of the secrecy of the document that the takes were cut up into very, very small takes?

Mr. HOOPER. Under the days of hand composition it was necessary to cut the takes much smaller than they do now, to facilitate the work.

Mr. LENROOT. I think it was testified here in one particular case——

Mr. HOOPER. Those takes are cut rather small.

Mr. LENROOT (continuing). During the war, into something like 300. Were you in the office then?

Mr. HOOPER. I do not recall the matter.

Mr. LENROOT. But in this particular case no particular precaution was taken, so far as the takes were concerned, to preserve the secrecy of the document—I mean, so far as the cutting up of the takes were concerned?

Mr. HOOPER. Oh, no; so far as the cutting up of it is concerned, they all wound up on the same line, and things like that, so they could be run through twice, and that facilitates the work.

Mr. LENROOT. It is fair to say, I think, for the record, that as these takes are prepared a number of these paragraphs alone would give a very fair idea of the purport of the document.

Mr. CHIPERFIELD. Let the record show the form in which they are. Let it be so arranged in the record as to show what each compositor got.

Mr. WHIPPLE. I do not think the committee has passed on those being in the record.

Mr. CHIPERFIELD. I think it ought to appear what each one of the takes is, in some way.

The CHAIRMAN. Would you like to have it in the record that way, gentlemen, indicating the end of each take; what each one would have to read as a completed whole?

Mr. CHIPERFIELD. So it could be run through the machine twice, as I understood you.

Mr. HOOPER. Yes, sir; those notes are identical.

The CHAIRMAN. Then the order of the committee is that one copy be inserted in the record, with the indication that the committee wishes?

Mr. WHIPPLE. That is, indicating each take?

The CHAIRMAN. Indicating each take; yes, sir.

Mr. LENROOT. The number being upon the back.

The CHAIRMAN. Now, gentlemen, that belongs to the State Department. I presume they might want it back for some reason.

Mr. WHIPPLE. That being copied into the record, the committee would have no further use for it.

(The document referred to, with the compositors' takes indicated, as directed, is as follows:)

First take.

(Released for publication in editions of newspapers appearing on the streets not earlier than 12.05 a. m., local time, on Thursday, December 21, 1916.)

THE SECRETARY OF STATE TO AMBASSADOR W. H. PAGE.

[Telegram.]

DEPARTMENT OF STATE,
Washington, December 18, 1916.

FOOTNOTE.—Same, mutatis mutandis, to the American Diplomatic Representatives, accredited to the Governments of France, Italy, Japan, Russia, Belgium, Montenegro, Portugal, Roumania, and Servia.

Second take.

The President directs me to send you the following communication to be presented immediately to the minister of foreign affairs of the Government to which you are accredited.

The President of the United States has instructed me to suggest to His Majesty's Government a course of action with regard to the present war which he hopes that the British Government will take under consideration as suggested in the most friendly spirit and as coming not only from a friend but also as coming from the representative of a neutral nation whose interests have been most seriously affected by the war and whose concern for its early conclusion arises out of a manifest necessity to determine how best to safeguard those interests if the war is to continue.

The suggestion which I am instructed to make the President has long had it in mind to offer. He is somewhat embarrassed to offer it at this particular time because it may now seem to have been prompted by the recent overtures of the Central Powers. It is in fact in no way associated with them in its origin and the President would have delayed offering it until those overtures had been answered but for the fact that it also concerns the question of peace and may best be considered in connection with other proposals which have the same end in view. The President can only beg that his suggestion be considered entirely on its own merits and as if it had been made in other circumstances.

Third take.

The President suggests that an early occasion be sought to call out from all the nations now at war such an avowal of their respective views as to the terms upon which the war might be concluded and the arrangements which would be deemed satisfactory as a guarantee against its renewal or the kindling of any similar conflict in the future as would make it possible frankly to compare them. He is indifferent as to the means taken to accomplish this. He would be happy himself to serve or even to take the initiative in its accomplishment in any way that might prove acceptable, but he has no desire to determine the method or the instrumentality. One way will be as acceptable to him as another, if only the great object he has in mind be attained.

He takes the liberty of calling attention to the fact that the objects which the statement of the belligerents on both sides have in mind in this war are virtually the same, as stated in general terms to their own people and to the world. Each side desires to make the rights and privileges of weak people and small states as secure against aggression or denial in the future as the rights and privileges of the great and powerful states now at war. Each wishes itself to be made secure in the future, along with all other nations and peoples, against the recurrence of wars like this, and against aggression or selfish interference of any kind. Each would be jealous of the formation of any more rival leagues to preserve an uncertain balance of power amidst multiplying suspicions; but each is ready to consider the formation of a league of nations to ensure peace and justice throughout the world. Before that final step can be taken, however, each deems it necessary first to settle the issues of the present war upon terms which will certainly safeguard the independence, the territorial integrity, and the political and commercial freedom of the nations involved.

Fourth take.

In the measures to be taken to secure the future peace of the world the people and Government of the United States are as vitally and as directly interested as the governments now at war. Their interest, moreover, in the means to be adopted to relieve the smaller and weaker peoples of the world of the peril of wrong and violence is as quick and ardent as that of any other people or government. They stand ready, and even eager, to cooperate in the accomplishment of these ends when the war is over with every influence and resource at their command. But the war must first be concluded. The terms upon which it is to be concluded they are not at liberty to suggest; but the President does feel that it is his right and his duty to point out their intimate interest in its conclusion, lest it should presently be too late to accomplish the greater things which lie beyond its conclusion, lest the situation of neutral nations, now exceedingly hard to endure, be rendered altogether intolerable, and lest, more than all, an injury be done civilization itself which can never be atoned for or repaired.

The President, therefore, feels altogether justified in suggesting an immediate opportunity for a comparison of views as to the terms which must precede those ultimate arrangements for the peace of the world which all desire and in which the neutral nations as well as those at war are ready to play their full responsible part. If the contest must continue to proceed toward undefined ends by slow attrition until the one group of belligerents or the other is exhausted, if the million after million of human lives must continue to be offered up until on the one side or the other there are no more to offer, if resentments must be kindled that can never cool and despairs engendered from which there can be no recovery, hopes of peace and of the willing concert of free peoples will be rendered vain and idle.

Fifth take.

The life of the entire world has been profoundly affected. Every part of the great family of mankind has felt the burden and terror of this unprecedented contest of arms. No nation in the civilized world can be said in truth to stand outside its influence or to be safe against its disturbing effects. And yet the concrete objects for which it is being waged have never been definitely stated.

The leaders of the several belligerents have, as has been said, stated these objects in general terms. But, stated in general terms, they seem the same on both sides. Never yet have the authoritative spokesmen of either side avowed the precise objects which would, if attained, satisfy them and their people that the war had been fought out. The world has been left to conjecture what definitive results, what actual exchange of guarantees, what political or territorial changes or readjustments, what stage of military success even, would bring the war to an end.

It may be that peace is nearer than we know; that the terms which the belligerents on the one side and on the other would deem it necessary to insist upon are not so irreconcilable as some have feared; that an interchange of views would clear the way at least for conference and make the permanent concord of the nations a hope of the immediate future, a concert of nations immediately practicable.

Sixth take.

The President is not proposing peace; he is not even offering mediation. He is merely proposing that soundings be taken in order that we may learn, the neutral nations with the belligerent, how near the haven of peace may be for which all mankind longs with an intense and increasing longing. He believes that the spirit in which he speaks and the objects which he seeks will be understood by all concerned, and he confidently hopes for a response which will bring a new light into the affairs of the world.

LANING.

Same to Paris, Petrograd, Rome, Lisbon, Tokio, Bucharest, Belgrade, Brussels, Cetinge (via Athens).

Mr. BENNET. Mr. Hooper, you cut the copy into takes?

Mr. HOOPER. Yes, sir.

Mr. BENNET. As appears before us it is pasted together again. Where was that done?

Mr. HOOPER. That was done—I did that, sir.

Mr. BENNET. You are the man that first cut it to pieces and put it together?

Mr. HOOPER. I am practically the first man that handled it in the office.

Mr. BENNET. Yes.

Mr. HOOPER. You see that would be a little piece of copy [indicating] and it might get lost by itself. I put it on there for preservation, and when it comes here to the ends of the page and it does not end a paragraph, I paste that on to the next page, and cut it when it comes to the end of the next paragraph.

Mr. BENNET. You made six takes?

Mr. HOOPER. I cut it for eight takes; they used six.

Mr. BENNET. And after it had been run through the machine twice you pasted those takes together?

Mr. HOOPER. No, sir; I pasted them as they are. They are not the way I got them.

Mr. BENNET. I understand that, but you pasted them so that they are in the condition in which they are now?

Mr. HOOPER. I did that in the first instance. They have not been pasted since set up in type.

Mr. BENNET. Are they now just the way they were?

Mr. HOOPER. They are now in the condition in which they were given to the printer.

Mr. BENNET. You mean that this whole page [illustrating], for instance, was one take?

Mr. HOOPER. Yes, sir.

Mr. BENNET. And is there anything on the back or some other part of the take?

Mr. HOOPER. This is take 2 [indicating]; they give this out to one man.

Mr. BENNET. Let me ask you a question: Is there something on the back of each of these takes by which it is possible the printer who ran it through the machine would be identified?

Mr. HOOPER. Yes, sir; the man who ran it out, the man who handled it after he put these marks on.

Mr. BENNET. Who is he?

Mr. HOOPER. I could not tell you. I turned it back to where I got it—Mr. McEvoy.

Mr. BENNET. And that let you out?

(No response.)

TESTIMONY OF MR. JOHN O'DONNOGHUE.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, residence, and occupation.

Mr. O'DONNOGHUE. John O'Donnoghue, 444 Newton Street; is-sistant foreman of the monotype section at night.

Mr. WHIPPLE. In the Government Printing Office?

Mr. O'DONNOGHUE. In the Government Printing Office.

Mr. WHIPPLE. How long have you held that position?

Mr. O'DONNOGHUE. Eight years, during the sessions of Congress.

Mr. WHIPPLE. What are your duties as assistant foreman?

Mr. O'DONNOGHUE. Mostly of an executive sort. I take or accept the copy as it comes in, make entries of it as record, send record on to the other sections, or to the other parts of our section that will handle it.

Mr. WHIPPLE. Go ahead.

Mr. O'DONNOGHUE. And then I supervise the work, seeing it is handled, and watch for its return.

Mr. WHIPPLE. Do you remember receiving this highly confidential communication of the President to the belligerents?

Mr. O'DONNOGHUE. Yes, sir; very well.

Mr. WHIPPLE. From whose hands did you receive it?

Mr. O'DONNOGHUE. From Mr. McEvoy's hand.

Mr. WHIPPLE. And was that after it had been to Mr. Hooper?

Mr. O'DONNOGHUE. After; yes, sir.

Mr. WHIPPLE. Will you state how the manuscript appeared, compared with the shape in which I show them to you now, "Exhibit James 2 and 4"?

Mr. O'DONNOGHUE. This is the manner in which the copy came to me, cut and folioed.

Mr. WHIPPLE. Practically that way?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. What was your duty in connection with the manuscript?

Mr. O'DONNOGHUE. My duty in connection with the manuscript was to have it, as we term, "scheduled" by one of my desk men, handed out to the operators, and then to await the return of that copy, as I instructed him to have the copy returned to my hands.

Mr. WHIPPLE. What do you mean by "scheduling"?

Mr. O'DONNOGHUE. Well, scheduling is so we may have a means of identification; in other words, we have printed record slips that will have the folio number and what we call the "spool" number, or, in other words, the take number.

Mr. WHIPPLE. Where are those?

Mr. O'DONNOGHUE. They are in the Government Printing Office.

Mr. WHIPPLE. Have you got a record of them?

Mr. O'DONNOGHUE. No, sir; I have not.

Mr. WHIPPLE. Of this particular one?

Mr. O'DONNOGHUE. Well. I do not know where that is.

Mr. WHIPPLE. Do you not keep those records?

Mr. O'DONNOGHUE. We keep them for a time.

Mr. WHIPPLE. What is the object of having them?

Mr. O'DONNOGHUE. Why, to show exactly who handles the work, and what time it goes out and what time it returns.

Mr. WHIPPLE. That is what the committee wants. Have you not got them?

Mr. O'DONNOGHUE. I have not.

Mr. WHIPPLE. Have you looked for them?

Mr. O'DONNOGHUE. Why, those records, about two or three days after the question came up as to the handling of this stuff from the Government Printing Office, was sent for by, I think, Mr. Haines, the foreman of the night section. I know, in fact, he asked me to obtain these for him; that they were wanted on the day force.

Mr. WHIPPLE. Who is Mr. Haines?

Mr. O'DONNOGHUE. Mr. Haines is not here.

The CHAIRMAN. Mr. Haines did not testify.

Mr. O'DONNOGHUE. Mr. Haines was not present at work when this job came in, and therefore would not know anything about it.

Mr. WHIPPLE. Would that permanent record show the men who handled this record and different takes?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. And made for that purpose?

Mr. O'DONNOGHUE. Made for the purpose of the office to determine who handled the work.

Mr. WHIPPLE. Why do you determine for the office who handles the work?

Mr. O'DONNOGHUE. For ordinary jobs?

Mr. WHIPPLE. No; any job.

Mr. O'DONNOGHUE. Well, we would have to keep a record just for the purpose of finding out in whose hands the copy is at the time of being run.

Mr. WHIPPLE. Why did you want to find that out?

Mr. O'DONNOGHUE. We have got to determine, in the first place, if there is anything incorrect in it or anybody is responsible for particular errors or anything, and determine who handled the job.

Mr. WHIPPLE. And you had that up when?

Mr. O'DONNOGHUE. About two or three days after the question came up.

Mr. WHIPPLE. And you gave it to Mr. Haines?

Mr. O'DONNOGHUE. I gave it to Mr. Haines for some one on the day force, the supposition being——

Mr. WHIPPLE. Then it was not used again, was it?

Mr. O'DONNOGHUE. No; nothing we ever used again; just held for a time.

Mr. WHIPPLE. It was after the subject matter came up as to whether advance information or advance copies were given out of this, was it?

Mr. O'DONNOGHUE. Yes; it was after that—oh, yes.

Mr. WHIPPLE. In whose possession were those before Mr. Haines got them?

Mr. O'DONNOGHUE. Why, they were in practically the possession of the room. Nobody looks over those things.

Mr. WHIPPLE. In charge of the room? You can not have the thing in possession of a room. Who is in charge of the room?

Mr. O'DONNOGHUE. In daytime he has charge; I am in charge at night.

Mr. WHIPPLE. Where were these records kept?

Mr. O'DONNOGHUE. Kept in a bin on a shelf.

Mr. WHIPPLE. Who got them when Mr. Haines asked for them?

Mr. O'DONNOGHUE. I got them.

Mr. WHIPPLE. Who was the messenger who came?

Mr. O'DONNOGHUE. I do not remember.

Mr. WHIPPLE. And this gave the names of the men who handled each take?

Mr. O'DONNOGHUE. It gave slug numbers, equivalent to names.

Mr. WHIPPLE. And did he send for the record of the men who handled both of these?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Or only one?

Mr. O'DONNOGHUE. Well, there was only one set that was handled.

Mr. WHIPPLE. The same men handled both of them?

Mr. O'DONNOGHUE. One set.

Mr. WHIPPLE. Can you tell, by looking at that, how many men handled it for the purposes of typesetting?

Mr. O'DONNOGHUE. Yes, sir; I think I can—six men.

Mr. WHIPPLE. Do those numbers on the backs of the pages indicate it?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. Who put them on?

Mr. O'DONNOGHUE. The men who scheduled the copy—desk men.

Mr. WHIPPLE. And what you tell us was missing, having been sent for by this gentleman, would show who had No. 1 and No. 2 takes, etc.?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. Do you know these gentlemen—could you identify these men from those numbers that appear on here on the back?

Mr. O'DONNOGHUE. Not from those numbers.

Mr. WHIPPLE. But from that record?

Mr. O'DONNOGHUE. I could from the record.

Mr. WHIPPLE. Well, I have had a man standing a good part of the day down there in the office, and he had not heard of any such record before, and I have understood that you could not identify the men who handled these takes. Now, you have a record down there somewhere that will give you the names of every man who handled?

Mr. O'DONNOGHUE. Yes; of this particular part.

Mr. WHIPPLE. Of this particular part. That is the only thing we have been asking about. Did you not know we wanted that?

Mr. O'DONNOGHUE. I did not know; no, sir.

Mr. WHIPPLE. Did you not know we wanted to get hold of every man who had to do with this paper, who saw it, who could have taken a copy of it or could have got information about it?

Mr. O'DONNOGHUE. I thought maybe the questions would be asked me, and that is how I came to know that the records that you have reference to were not returned, for I gave them to Haines for use of somebody on the day force.

Mr. WHIPPLE. Did you not know it was the purpose of this committee to trace right through the whole history of this paper and find every man who handled every part of it who could have given out information about it?

Mr. O'DONNOGHUE. Yes, sir; that is what I say. I looked up myself to try to find this record, but it was handed about two or three days ago after this investigation had started.

Mr. WHIPPLE. To a messenger—

Mr. O'DONNOGHUE. Mr. Haines, for somebody.

Mr. WHIPPLE. What is the full name of Mr. Haines?

Mr. O'DONNOGHUE. Claude E. Haines.

Mr. WHIPPLE. Is he the man on the day job corresponding to you?

Mr. O'DONNOGHUE. No, sir; he is my immediate foreman; I am his assistant—one of his assistants.

Mr. WHIPPLE. And he is the foreman of your division?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. Was he there that night and had any part in it?

Mr. O'DONNOGHUE. He was not there that night and had not any part; but I understand he was requested by the day foreman of the section to get these records and turn them over to him.

Mr. WHIPPLE. Some day foreman?

Mr. O'DONNOGHUE. Some day foreman.

Mr. WHIPPLE. Who was the day foreman?

Mr. O'DONNOGHUE. I think it was Mr. Ridings.

Mr. WHIPPLE. What is his full name?

Mr. O'DONNOGHUE. Stanley H. Ridings.

Mr. WHIPPLE. Who took the parts of this manuscript, 1, 2, up to 6, and put it into the typesetter's hands, if that was done?

Mr. O'DONNOGHUE. Why, the desk man that works under me; he handed it to the operators.

Mr. WHIPPLE. Who is he?

Mr. O'DONNOGHUE. His name is Mr. William S. Sill.

Mr. WHIPPLE. This was an important matter—one of the most confidential you had had for some time, was it not?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Most of your work is not of that character; that is, not confidential or important like this?

Mr. O'DONNOGHUE. No, sir.

Mr. WHIPPLE. That is true, is it not?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. Who is Mr. Sill? Where is he? What is his full name?

Mr. O'DONNOGHUE. William S. Sill.

Mr. WHIPPLE. What is his job?

Mr. O'DONNOGHUE. He is what we term a "desk man."

Mr. WHIPPLE. A desk man?

Mr. O'DONNOGHUE. He hands out the copy; yes.

Mr. WHIPPLE. You turned it over to him?

Mr. O'DONNOGHUE. Yes; it went to him.

Mr. WHIPPLE. What had you done with it before you turned it over to Sill?

Mr. O'DONNOGHUE. I had made an entry of it in our records; that is all.

Mr. WHIPPLE. Where are your records?

Mr. O'DONNOGHUE. In the office.

Mr. WHIPPLE. Why do you not bring those records and let us see where you made the entry?

Mr. O'DONNOGHUE. I did not once think of such a thing.

Mr. WHIPPLE. Will you bring it?

Mr. O'DONNOGHUE. I will; yes, sir.

Mr. WHIPPLE. Does it show the time you got it and what you did to it?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. So far as I can see, you did not do anything to this manuscript yourself, but just turn it over to Mr. Sill. Am I right?

Mr. O'DONNOGHUE. We turned it over to him, and he turned it over to the machine operators.

Mr. WHIPPLE. What did you do to it personally?

Mr. O'DONNOGHUE. I took it first to Mr. Eichhorn, who works on the desk, for the purpose of scheduling, and he brings it to Mr. Sill for the purpose of handing it out to the operators.

Mr. WHIPPLE. You did not see it again after that?

Mr. O'DONNOGHUE. Yes. I supervised the handling of it all the way after that.

Mr. WHIPPLE. We will get to the supervision soon, but now I want to know the thing you did with it, because "supervision" may be more or less. When this went to Mr. Sill, did you go and look at him and stand by him?

Mr. O'DONNOGHUE. I was right alongside of him.

Mr. WHIPPLE. If you were right alongside of him, why did you take it and hand it to somebody? Why did you need to give it to somebody else to hand to him?

Mr. O'DONNOGHUE. That is his duty; not mine.

Mr. WHIPPLE. You handed it to Sill, did you?

Mr. O'DONNOGHUE. No, sir. I handed it to Mr. Eichhorn.

Mr. WHIPPLE. Just take it now, as if you were Eichhorn [handing paper to witness] and show me what Eichhorn did with it.

Mr. O'DONNOGHUE. He scheduled it.

Mr. WHIPPLE. What do you mean by scheduling it?

Mr. O'DONNOGHUE. He gives it what we term the spool number or slug number.

Mr. WHIPPLE. He writes that down on a piece of paper?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Then do it just as he does.

Mr. O'DONNOGHUE. All right. We have here a spool. Here we have a line drawn, and then we have the folios, and a line drawn here [indicating].

Mr. WHIPPLE. And then he put down the number?

Mr. O'DONNOGHUE. Yes; that is spool 1.

Mr. WHIPPLE. Did you see him do it?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. You stood right by him and saw him do it?

Mr. O'DONNOGHUE. Yes, sir. Then he had folios 1 and 2 for spool 1.

Mr. WHIPPLE. Yes.

Mr. O'DONNOGHUE. Then, he had spool 2, folios 3 and 4.

Mr. WHIPPLE. That is the record Eichhorn makes.

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And you stood there and saw him make that record?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. It is right in Eichhorn's hands, and you are looking at it now?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. What did Eichhorn do with it?

Mr. O'DONNOGHUE. He handed it to Sill.

Mr. WHIPPLE. How did Sill happen to be there? Was he right at the same desk?

Mr. O'DONNOGHUE. No; he was at another desk.

Mr. WHIPPLE. Did he have to walk to him to give it to him?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And did you walk along with him?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. That is, you two walked along, after he had made that record, how far?

Mr. O'DONNOGHUE. I do not remember that distinctly. I suppose maybe he preceded me.

Mr. WHIPPLE. We will not stand on the order of your going, but you went together, did you?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. How far did you have to go to get to Sill?

Mr. O'DONNOGHUE. About as far as from here to that chair, perhaps.

Mr. WHIPPLE. And you were going right along with him?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Who was carrying that manuscript?

Mr. O'DONNOGHUE. My recollection is that Eichhorn was carrying it.

Mr. WHIPPLE. But you were going along with him to see that he did it?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. What did Eichhorn do when he got to Sill?

Mr. O'DONNOGHUE. He gave him the copy with the schedule.

Mr. WHIPPLE. What?

Mr. O'DONNOGHUE. Eichhorn gave the copy and the schedule to Sill.

Mr. WHIPPLE. He gave him the copy?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Both of them, with the schedule, to Sill?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Then, what did Eichhorn do?

Mr. O'DONNOGHUE. He went back to his work.

Mr. WHIPPLE. And what did Sill do then?

Mr. O'DONNOGHUE. He started to hand this out to the operators.

Mr. WHIPPLE. What did you do?

Mr. O'DONNOGHUE. I instructed the operators——

Mr. WHIPPLE (interposing). Did you stay right there by Sill?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Did the operators come up to Sill, or did he go to them?

Mr. O'DONNOGHUE. They came up to Sill.

Mr. WHIPPLE. How would he call them?

Mr. O'DONNOGHUE. How would he call them?

Mr. WHIPPLE. Yes; how would he get them to come up to him? Would he beckon to them or ring a bell?

Mr. O'DONNOGHUE. They would turn in one piece of work and come up for more work?

Mr. WHIPPLE. He did not call them, but just as they happened to come along?

Mr. O'DONNOGHUE. Yes; that is right.

Mr. WHIPPLE. Then, they were not selected fellows, but men who happened to have finished their jobs?

Mr. O'DONNOGHUE. That is it.

Mr. WHIPPLE. He held it right on his desk, and as any man came up who had finished his job, he gave him one of those?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. You stood there and saw him do that?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And what record did he make of that?

Mr. O'DONNOGHUE. He put down the slug numbers.

Mr. WHIPPLE. He put down the slug numbers?

Mr. O'DONNOGHUE. Yes; and the time they took the job out.

Mr. WHIPPLE. When they took it, he put down the number of the man who had it?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And that is the record that is kept by Sill?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. How long before the first one came back?

Mr. O'DONNOGHUE. Oh, I judge it might be 10 minutes.

Mr. WHIPPLE. How far did those six men take it away from Mr. Sill's desk?

Mr. O'DONNOGHUE. To their respective machines, a distance, maybe, of anywhere from 5 to 40 feet; I could not tell you exactly.

Mr. WHIPPLE. From 5 to 40 feet?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Therefore parts of this were 40 feet away from Mr. Sill, or might be?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Scattered all over the shop?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Wherever chance let it fall?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. That is right?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. It was not given to any picked men or special men?

Mr. O'DONNOGHUE. No; we do not make that secrecy.

Mr. WHIPPLE. It was given to any man who happened to come along?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And who had finished his work?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Can you remember how soon they began to take it after you had brought it to Sill?

Mr. O'DONNOGHUE. Well, from knowing the nature of the work—

Mr. WHIPPLE (interposing). No; I mean from memory. Have you any memory about it?

Mr. O'DONNOGHUE. No; not from memory.

Mr. WHIPPLE. Was there any delay about it?

Mr. O'DONNOGHUE. No delay whatever. It would not take five minutes to run a job like that out.

Mr. WHIPPLE. It might not take five minutes to run it out, but it might take more than five minutes, after a man had finished his other job, to get around?

Mr. O'DONNOGHUE. I mean there would be that number of men ordinarily in five minutes to handle a job like this.

Mr. WHIPPLE. Just whoever happened along would come and take it?

Mr. O'DONNOGHUE. Yes.

MR. WHIPPLE. Would they take parts of both of them or only one of them?

MR. O'DONNOGHUE.—No. This copy was handed to me as a duplicate of one. I held that until I got all of this copy back.

MR. WHIPPLE. So you let them have only one at a time?

MR. O'DONNOGHUE. Yes.

MR. WHIPPLE. What were you doing while those men were taking the copy from 5 to 40 feet away? Whom were you watching then?

MR. O'DONNOGHUE. I was watching for the return of those takes.

MR. WHIPPLE. You did not go with any of the men?

MR. O'DONNOGHUE. No; I did not stand alongside of any of the men.

MR. WHIPPLE. How long did it take to put through those takes?

MR. O'DONNOGHUE. I judge it would take from 10 to 15 or maybe 20 minutes apiece.

MR. WHIPPLE. From 10 to 20 minutes apiece?

MR. O'DONNOGHUE. Yes; depending on the size of the sheets.

MR. WHIPPLE. With a leeway like that, from 10 to 20 minutes, you could not tell whether a man brought it back immediately after it was done or not, could you?

MR. O'DONNOGHUE. Oh, yes; I could.

MR. WHIPPLE. How could you tell, standing 40 feet from one of the men who had it at that distance from you?

MR. O'DONNOGHUE. I could see every man in the room; and, contrary to the usual handling of stuff, my instructions, when this was handed out, were to return the copy to me. Ordinarily when a man turns in his take he turns his copy in at a big table, looked over by a messenger boy, who handles the copy; but in this case I would not let the messenger boy handle it.

MR. WHIPPLE. But you are getting away from my question. How would you know that a man 40 feet away from you delayed 1, 3, or 5 minutes in returning it, if you do not know whether it would take 10 or 20 minutes to finish a take?

MR. O'DONNOGHUE. Well, I would know.

MR. WHIPPLE. How would you know?

MR. O'DONNOGHUE. I was just guessing at the size of those takes.

MR. WHIPPLE. I know it; and if that is all you are doing—guessing at them—how would you know, if a man kept it 20 minutes, that he had not finished it in 10 minutes and had taken 10 minutes more to look it over?

MR. O'DONNOGHUE. I know about how long a man should take to set a take.

MR. WHIPPLE. But you can not tell us within 10 minutes of how long it did take?

MR. O'DONNOGHUE. No, sir; I can not tell you directly here.

MR. WHIPPLE. You told us it took from 10, 15, to 20 minutes?

MR. O'DONNOGHUE. Yes; but there is take No. 6, and on that there were seven or eight lines.

MR. WHIPPLE. Yes.

MR. O'DONNOGHUE. Here is take No. 5, with practically three times the amount of stuff on it.

MR. WHIPPLE. And that is just it. How long would it take?

Mr. O'DONNOGHUE. This one would take maybe 10 minutes to set, and No. 5 would take three times as long, or in the neighborhood of 20 minutes, or maybe 25 minutes.

Mr. WHIPPLE. You could not watch them all at the same time, or did not?

Mr. O'DONNOGHUE. I could not say I watched each one personally; no. I was watching the job.

Mr. WHIPPLE. You were watching the job?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. You can not watch six men in a large room—how big is your room there?

Mr. O'DONNOGHUE. The place where the men work, I suppose, is 30 by 60 feet.

Mr. WHIPPLE. Thirty by sixty?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And how many men working in it?

Mr. O'DONNOGHUE. Fifty.

Mr. WHIPPLE. Fifty men?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And how many machines running?

Mr. O'DONNOGHUE. Forty-five running when they are all there.

Mr. WHIPPLE. And your six were scattered around wherever chance might bring them?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. And all the machines going?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. Making some noise, I take it?

Mr. O'DONNOGHUE. Yes; some.

Mr. WHIPPLE. Of course you could not keep your eye on all six of them at the time?

Mr. O'DONNOGHUE. No.

Mr. WHIPPLE. Did you stand right by Mr. Sill's place?

Mr. O'DONNOGHUE. Yes; waiting for the return of those takes.

Mr. WHIPPLE. And you were right there all the time?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. You waited right there all the time?

Mr. O'DONNOGHUE. As far as my recollection goes. I can not say positively that I did not turn from the desk. I may have gone for a drink of water.

Mr. WHIPPLE. Very likely some of them were going out while others were coming in, so you would not be noticing what Sill was doing?

Mr. O'DONNOGHUE. You mean about giving out that copy?

Mr. WHIPPLE. Yes.

Mr. O'DONNOGHUE. Oh, yes.

Mr. WHIPPLE. Or perhaps some of the first part you gave out might not get back before the last part went out?

Mr. O'DONNOGHUE. There was no such delay as that.

Mr. WHIPPLE. What did the men bring back to you?

Mr. O'DONNOGHUE. They brought back the copy just in the form you see it there [indicating].

Mr. WHIPPLE. Yes. What else?

Mr. O'DONNOGHUE. That is all.

Mr. WHIPPLE. Where was the type setting done?

Mr. O'DONNOGHUE. We do not actually set type. That is, we set the type on a Monotype machine; it goes out on a spool. The spools are sent up by an elevator—a spool elevator, we call it, to the casting room, and there it comes out in type.

Mr. WHIPPLE. You waited there until this came back, did you?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. That is, the manuscript?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And you gathered it together, and what did you do with it?

Mr. O'DONNOGHUE. I took it up to Mr. Rowe, who handled it next, and put it in his hands, with the information that there was a strictly confidential job.

Mr. WHIPPLE. You took it up where?

Mr. O'DONNOGHUE. To the seventh floor.

Mr. WHIPPLE. The spools coming out of the—what is it; monotype?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. They were put into what to get it upstairs?

Mr. O'DONNOGHUE. They were put on this table in front of the messenger, and he put it in——

Mr. WHIPPLE (interposing). On what table?

Mr. O'DONNOGHUE. On the table where the copy ordinarily is turned in and where all spools are turned in.

Mr. WHIPPLE. It was put on the table with a lot of other spools?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. There was nothing to show which was which, or was it marked?

Mr. O'DONNOGHUE. Yes, sir; they are all marked.

Mr. WHIPPLE. How would the man upstairs know which one of the spools to fit in?

Mr. O'DONNOGHUE. By a duplicate record, that I have referred to, that we made out, showing the spool numbers and folio numbers, and also what we term a "spool slip," that is put upon the spools for identification.

Mr. WHIPPLE. Who dealt with them when they got up to the seventh floor?

Mr. O'DONNOGHUE. I presume that Mr. Schaefer receives them up there. He is in charge there.

Mr. WHIPPLE. Did you go up there and look to see who received them?

Mr. O'DONNOGHUE. No, sir.

Mr. WHIPPLE. Therefore, all you did was to stand by Sill's desk and see that you got your copy back?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. And you did get it all back?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. Both of them?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. But the spools from which this message was going to be printed went out of your sight?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. With a mass of other spools, up to the seventh floor?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And you sent up the manuscript, too, did you?

Mr. O'DONNOGHUE. I took the manuscript personally to Mr. Rowe.

Mr. WHIPPLE. Mr. Rowe?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Did you see it again?

Mr. O'DONNOGHUE. I did not.

Mr. WHIPPLE. Did you see the spools again?

Mr. O'DONNOGHUE. No, sir; I did not.

Mr. WHIPPLE. That is the end of what you saw?

Mr. O'DONNOGHUE. That is all I saw.

Mr. WHIPPLE. Was there any way in which any of your men could take a copy?

Mr. O'DONNOGHUE. Could take a copy of that?

Mr. WHIPPLE. Yes.

Mr. O'DONNOGHUE. No, sir.

Mr. WHIPPLE. Was there any way of taking a proof off of these spools?

Mr. O'DONNOGHUE. No, sir.

Mr. WHIPPLE. No possible way?

Mr. O'DONNOGHUE. Not in my section; no.

Mr. WHIPPLE. Not in your section?

Mr. O'DONNOGHUE. No, sir.

Mr. WHIPPLE. That is all you know about it?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. We want to follow it up to the next place, and see who the men were that saw it. But at least in your division six, eight, or more men saw parts of this message?

Mr. O'DONNOGHUE. Yes, sir.

Mr. WHIPPLE. That is right?

Mr. O'DONNOGHUE. Yes, sir.

Mr. BENNET. Six.

Mr. WHIPPLE. Sills, yourself, and Mr. Eichhorn? Mr. Sills and Mr. Eichhorn saw the whole of it?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. And all of you knew that it was important and confidential?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. Making nine in your department who looked it over?

Mr. O'DONNOGHUE. Nine, including myself.

Mr. WHIPPLE. Has anyone ever inquired of you with regard to how to get anything, or whether you could not help them to get a little excerpt from things in your office?

Mr. O'DONNOGHUE. No, sir; they never have.

Mr. WHIPPLE. Nobody has ever asked you what the news was down there?

Mr. O'DONNOGHUE. No, sir. No, indeed.

Mr. WHIPPLE. No one at all?

Mr. O'DONNOGHUE. No, sir.

Mr. WHIPPLE. Did you keep any copy of it?

Mr. O'DONNOGHUE. Did I keep any copy of this?

Mr. WHIPPLE. Yes.

Mr. O'DONNOGHUE. I do not keep any copy of anything; no sir.

Mr. WHIPPLE. So there is not any copy of anything that was made in your department, in your archives?

Mr. O'DONNOGHUE. No, sir.

Mr. WHIPPLE. Yours went upstairs?

Mr. O'DONNOGHUE. Yes; everything goes from my room.

Mr. WHIPPLE. And that is the end of it, as far as you are concerned?

Mr. O'DONNOGHUE. Yes.

Mr. WHIPPLE. That is all.

Mr. CAMPBELL. As I understand, this record that was kept would show the man who took each take and the length of time he had it?

Mr. O'DONNOGHUE. Yes.

Mr. CAMPBELL. You had better make a pretty good effort to get that record and have it here in the morning.

Mr. O'DONNOGHUE. I do not know how I can get it to you in the morning.

Mr. BENNET. It can be gotten, can it not?

Mr. O'DONNOGHUE. It might take some little time to get it. What time do you meet—10 o'clock?

Mr. CAMPBELL. Ten o'clock.

Mr. O'DONNOGHUE. I am a night worker, and I do not get up until midday.

The CHAIRMAN. He says Mr. Haines has that.

Mr. WHIPPLE. Yes; I think Mr. Proctor will get it.

Mr. O'DONNOGHUE. I do not think Mr. Haines has it. In fact, I had forgotten the matter. He asked me if I did not remember that I had turned it over to him, two or three days after this investigation started, by request of Mr. Ridings; that is what I understood, the supposition being that it had been called for through the front office. I could not see what Mr. Ridings or anybody else wanted with anything like that, unless somebody in authority had asked for it.

Mr. CAMPBELL. And was saving it?

Mr. O'DONNOGHUE. Yes.

Mr. LENROOT. Have you made any inquiry of Mr. Haines or anybody since that time as to where it was?

Mr. O'DONNOGHUE. No, sir; I have not.

Mr. BENNET. We read in the newspaper the other day that when the President delivered his address to the Senate, since this investigation started, he took personal charge of the printing of the message. Was anything different done in connection with that address than was done with this peace note?

Mr. O'DONNOGHUE. Who took personal charge of it?

Mr. BENNET. The President.

Mr. O'DONNOGHUE. The President took personal charge?

Mr. BENNET. Yes.

Mr. O'DONNOGHUE. I do not just exactly understand how he could take personal charge of it in the Government Printing Office.

Mr. BENNET. Did you have anything to do with the handling of the address that the President delivered to the Senate a week or 10 days ago?

Mr. O'DONNOGHUE. No, sir. I do not remember anything about it, except what I saw in the newspapers.

Mr. BENNET. That was not printed while you were in charge?

Mr. O'DONNOGHUE. No, sir.

Mr. BENNET. This memoranda that Eichhorn made for Mr. Sills, has that gone with the other records that Haines and Ridings called for?

Mr. O'DONNOGHUE. That was the only record that I have reference to.

Mr. BENNET. That is the record that is gone?

Mr. O'DONNOGHUE. Yes.

Mr. BENNET. And that is a complete record, because it contains the numbers of the takes and the numbers of the folios in each take and the slug number of the folio?

Mr. O'DONNOGHUE. That is the idea.

Mr. BENNET. That is all.

The CHAIRMAN. You may stand aside.

Mr. WHIPPLE. Just how we can get that I am not quite sure, but I feel very certain that with the information we now have we can get it before morning.

The CHAIRMAN. You wanted to ask Mr. Hooper one more question.

Mr. WHIPPLE. Yes.

STATEMENT OF MR. JOHN H. HOOPER—Continued.

Mr. WHIPPLE. I only want to ask you if anyone, on December 18, 19, or 20, made any inquiries of you as to whether they could get any copy of or information about this speech?

Mr. HOOPER. They did not.

Mr. WHIPPLE. Has anybody?

Mr. HOOPER. No, sir.

Mr. WHIPPLE. Ever?

Mr. HOOPER. No, sir.

Mr. WHIPPLE. No one ever tries to get anything there, as far as you know?

Mr. HOOPER. They have never from me, nor as far as I know.

Mr. WHIPPLE. They are always proof against any even inquiries being made whether they can get some inside information?

Mr. HOOPER. I really do not know about that.

Mr. WHIPPLE. You have never been approached on that subject?

Mr. HOOPER. I have not.

Mr. WHIPPLE. And you do not know of any men who have?

Mr. HOOPER. I do not.

Mr. BENNET. A man, in order to get into those rooms up there at night, would have to be known, would he not?

Mr. HOOPER. Yes, sir. The watchman would hold him up. He could not get by, unless he were known to be an employee of the office.

Mr. BENNET. Unless he was identified in some way?

Mr. HOOPER. At least, I have seen that done. He might get by the watchman without being seen; but it is the watchman's duty not to let anyone in unless he is an employee.

Mr. BENNET. There is a watchman down at the front entrance whose duty it is to ask any person who comes in at night who he is, what his business is, and whom he wishes to see?

Mr. HOOPER. Unless he knows him. That is their duty.

Mr. BENNET. And that is your information?

Mr. HOOPER. That is my idea of it.

Mr. BENNET. There is more than one watchman?

Mr. HOOPER. Yes; there is a watchman at every door, at all entrances, day and night.

The CHAIRMAN. Suppose we take a recess until to-morrow morning at 10 o'clock?

Mr. WHIPPLE. May I suggest to these Printing House employees that they come to-morrow afternoon at 2 o'clock and bring all the records that you gentlemen have?

The CHAIRMAN. The committee will stand at recess, then, until 10 o'clock to-morrow.

(Whereupon, at 5 o'clock p. m., the committee adjourned until to-morrow, Friday, February 9, 1917, at 10 o'clock a. m.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 9, 1917

PART 21

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., Friday, February 9, 1917.

The committee met at 10.15 o'clock a. m., Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Mr. WHIPPLE. Mr. Chipman.

TESTIMONY OF MR. GEORGE BOWIE CHIPMAN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name, Mr. Chipman?

Mr. CHIPMAN. George Bowie Chipman.

Mr. WHIPPLE. And your residence and occupation?

Mr. CHIPMAN. Broker, Colorado Building, Washington, D. C.

Mr. WHIPPLE. And you live in Washington, and have for some years?

Mr. CHIPMAN. I was born here.

Mr. WHIPPLE. How long have you been a broker?

Mr. CHIPMAN. About 25 years.

Mr. WHIPPLE. What is your firm? What is the name of your firm?

Mr. CHIPMAN. Harriman & Co.

Mr. WHIPPLE. Who are its members?

Mr. CHIPMAN. Joseph W. Harriman and Oliver Harriman.

Mr. WHIPPLE. Are you not a member of the firm?

Mr. CHIPMAN. No, sir; I am not.

Mr. WHIPPLE. What have you to do with it?

Mr. CHIPMAN. I represent them in Washington.

Mr. WHIPPLE. Then the firm's main office is in New York City?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. And this is a branch office here?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Have you a seat in the New York Stock Exchange?

Mr. CHIPMAN. The firm has.

Mr. WHIPPLE. I mean the firm?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Who holds it?

Mr. CHIPMAN. Joseph W. Harriman.

Mr. WHIPPLE. How long have you been their representative or branch house in Washington?

Mr. CHIPMAN. I think about eight years.

Mr. WHIPPLE. How large an organization have you in your establishment, speaking generally?

Mr. CHIPMAN. We have about 8 or 10 employees.

Mr. WHIPPLE. Have you more than one telegrapher?

Mr. CHIPMAN. Well, only one on our main line to New York.

Mr. WHIPPLE. How are your communications between the main house in New York and your branch office here sent?

Mr. CHIPMAN. We have a private wire from our office in New York to this office here.

Mr. WHIPPLE. Is your house what is spoken of generally as a leased-wire house?

Mr. CHIPMAN. No, sir; it is not.

Mr. WHIPPLE. Where else do they have branches?

Mr. CHIPMAN. They have a branch at Detroit, an office at Atlantic City, and we have a branch office at the Biltmore Hotel.

Mr. WHIPPLE. And you do not have what are called correspondents?

Mr. CHIPMAN. No, sir; we do not do that class of business.

Mr. WHIPPLE. What is the general character of the business that you do here?

Mr. CHIPMAN. A commission business, investing: both investing and speculating.

Mr. WHIPPLE. You carry marginal accounts as well, so called?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Speaking generally, about how many customers do you have, merely to get at the amount of it?

Mr. CHIPMAN. Well, I should say we have about 600 accounts.

Mr. WHIPPLE. And you receive their orders here and telegraph them over a private wire to New York and they are filled on the exchange?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Have you any arrangement here in Washington for prompt and early information as to the happening of events in Washington that may affect the stock market?

Mr. CHIPMAN. You mean by that the employment of newspaper men?

Mr. WHIPPLE. Or anybody else.

Mr. CHIPMAN. Well, I would like to answer that in my own way, in this way: Of course, I have lived in Washington since I was born, and I know a great many people here. We have no newspaper men that we employ. About 1914 we discontinued the employment of any newspaper men or anyone else for the collecting of data on news. We found that it was not very satisfactory, and, furthermore, I found in my association with newspaper men, knowing them as well as I do, and so generally that I have always found that I could call them up and ask them most anything I wanted to, and most generally they frankly told me; and I generally get what I want in the way of the denial of this or that rumor or whether such and such a bill has been introduced or is to be introduced, or gossip on it, and things of that sort, such as they had. We do not employ anyone whatever.

Mr. WHIPPLE. But you did prior to 1914?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Are there a certain number of newspaper men whom you are in the habit of calling up if you do want information?

Mr. CHIPMAN. No; no particular person. I will tell you, Mr. Whipple, I have found in my experience in Washington that it is very easy, when you know newspaper men as you might know other men in other lines of work, you can discuss matters with them, and they are always very frank with you; that if you do not pay them or have any secret connection that you get better results and you have the entrée to their offices, and it relieves you from any embarrassment whatever. That is the attitude of our firm in the matter. That is what we have done. The result is that we have always found it very satisfactory. I found that the gossip that we had to pay for was never worth paying for.

Mr. WHIPPLE. Do you have on your list of customers Government officials?

Mr. CHIPMAN. We have no important ones, that I know of. That is, I have looked over our list of customers and there may be Government employees, clerks, minor clerks of that kind, but no official, no important officials, whatever.

Mr. WHIPPLE. Would you be willing to submit a list of your customers under the seal of confidence to the committee, for examination by the committee exclusively?

Mr. CHIPMAN. Why, certainly.

Mr. WHIPPLE. And the list to be returned to you and no copy to be taken unless certain names were found that it was necessary to be made public?

Mr. CHIPMAN. Yes, sir. Of course, you understand that the accounts are kept in the New York office. We do not keep ledger accounts here. Therefore, as we come under the direction of your committee to the Stock Exchange, I would rather that Harriman & Co. in New York give you that data because they have the original books of entry. That will appear in New York.

Mr. LENROOT. They will have the names in the Washington office?

Mr. CHIPMAN. They will furnish you the names the same as every other brokerage house has, and if they do not understand it, I will instruct them as to what you want.

Mr. WHIPPLE. Now, the leased wire houses who are correspondents keep the names of their own customers and those names are all in your New York office?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. And you do not merely telegraph them to buy for your account, but you telegraph the order with the name or number of the customer?

Mr. CHIPMAN. We do not keep any numbers in our office. Our accounts are all in the name of the person who opens the account originally. We have a sample of his signature, his address, and who he was introduced by. The result is that when we receive an order to purchase or sell, the order is telegraphed to our New York office by this office, and at the same time the name of the purchaser or seller is also telegraphed and recorded in the New York office and kept in that way.

Mr. WHIPPLE. Are they the true names of real persons?

Mr. CHIPMAN. They are, as far as I know. But if there should be an account that was not in the true name, it should not be in the office.

Mr. WHIPPLE. In other words, you can guarantee, so far as you know, that the names are the correct names of the individuals?

Mr. CHIPMAN. I think I can, because we are very particular on that point.

Mr. LENROOT. May I suggest that unless the New York office keeps a separate list of their Washington accounts it would simplify it very much if we could have the Washington list, because there are several thousand, I understand.

Mr. CHIPMAN. I think that is a good suggestion, because I think that is all you want. I think that is true.

Mr. WHIPPLE. I think that is true.

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Because, for the purposes of this committee, the Washington list would be the one as to which they would have the paramount duty to make an examination, and if that list has not already been prepared by Messrs. Harriman & Co., or even if it has, if you could give us the separate list, without too much trouble, I think the committee would appreciate it.

Mr. CHIPMAN. Certainly; I would be very glad to do so.

Mr. LENROOT. Suppose you send it to Harriman & Co., so that we can examine it up there.

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. If you feel a hesitation about taking that responsibility, Mr. Chipman, you can wire it to New York.

Mr. CHIPMAN. Well, while I am not a member of the firm, at the same time those matters are more or less left to me.

Mr. WHIPPLE. Now, direct your attention to the 20th of December last, and a couple of days prior thereto. Was the fact at any time called to your attention either that the President was about to send a note to the belligerents and neutrals or that he had sent it?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Will you tell the committee what you first heard on that subject?

Mr. CHIPMAN. The other day when you first asked me to appear here I had not looked—that is, Mr. Withington had called me up on the telephone before—I had not looked at the odd gossip; that is, the orders for the purchase or sale of stock and messages that were received. So the other day when I came up here I thought I would look and see what had been done at that time. I find these two messages, that of the 20th of December, at 12 minutes past 1, I have here, and it reads as follows:

Have you heard anything about the Government to issue this afternoon a statement regarding economic conditions of Europe?

Mr. WHIPPLE. That was from your firm in New York to your branch office?

Mr. CHIPMAN. That was signed J. L. L. That is, J. L. Livermore, a customer of the New York office, or a client of the New York office.

Mr. WHIPPLE. I see.

Mr. CHIPMAN. And I said——

Mr. HARRISON (interposing). That was sent at what time?

Mr. CHIPMAN. I received it at 12 minutes past 1.

Mr. HARRISON. When was it sent? Can you tell us from the message?

Mr. CHIPMAN. Well, it must have taken possibly a minute to transmit, but not more than a minute. My telegraph operator is a lady that I have had since I was 20 years old, and she knows me so very well that many times I do not dictate messages, and so I asked her what I said at that time, and, to the best of her recollection, I said "No. Have you?" My answer to him was, "No. Have you?" because I find this message which says:

Yes. Understand Government to issue statement regarding economic conditions of Europe, also regarding prospects of peace. This comes from Chicago source. J. L. L. 1.20 p. m.

And on the back of it I do find that I wrote an answer in which I said:

J. L. L. I think there is nothing in it.

The truth of the matter, Mr. Whipple, is that that day was a very bad day in the market, and I was awfully busy with routine matters in the office; and we got those sort of things and I did not even call up newspaper men or anybody to find out. I just merely said "There is nothing in it," because I was too busy to find out.

Mr. WHIPPLE. So up to this hour of the day you had taken the responsibility, without inquiring of anybody, to telegraph back to your New York office that there was nothing in it?

Mr. CHIPMAN. Yes. You see, that was to a client of the New York office, and we get messages of that character. The firm had not interested itself in the matter, and, as I stated, I was extremely busy on routine matters in the office, seeing that the margin accounts were in proper condition, so I said, "There is nothing in it" at that time.

I remember Dow, Jones & Co. that day, about that time, reported that there was nothing—that the President was not going to issue any peace note, and I probably took that also as verification of my own personal ideas of the matter.

Mr. WHIPPLE. Did you get the Dow-Jones dispatch?

Mr. CHIPMAN. Yes, sir. We did. We got that and it was posted on our bulletin board.

Mr. WHIPPLE. Had we better have these papers marked?

The CHAIRMAN. Yes.

Mr. WHIPPLE. The first will be number 1, the second will be number 2, and the back of the second will be number 3.

(The papers referred to were marked Exhibits Chipman No. 1, No. 2, and No. 3.)

Mr. WHIPPLE. Now, did you hear anything more, or make further investigation?

Mr. CHIPMAN. Yes. There was constant pressure all day long by nearly everyone who came into our office. That is, when I say everyone, I mean to say nearly everyone seemed to have more or less of a rumor that the President was going to do something, and I was constantly being asked if this was true.

So about 3 o'clock in the afternoon, or it might have been even after 3 o'clock—I really was not interested in the matter; I was interested more in our business than I was in getting this data—I called Mr. Connolly on the telephone and asked him if he had heard anything about the matter.

Mr. WHIPPLE. That is, F. A. Connolly, who has testified?

Mr. CHIPMAN. Yes, sir. Mr. Connolly used to be with me at one time. He told me yes, that he had heard that such a note was going to be issued that afternoon, and that he would tell me about it but that he did not want to talk with me on the telephone. I said, "Well, I have not time to come out of the office." It was late anyway, and I thanked him very much for telling me what he knew about it, and then I sent a message to New York some time about that time stating that, "Yes, I was now informed that the President was going to issue a note on the rights of neutrals." I think that is the way I put it.

Mr. WHIPPLE. Do you happen to have a copy of it?

Mr. CHIPMAN. No, but the firm has turned that copy over to you, or at least it awaits your pleasure in New York.

Mr. WHIPPLE. That is, it will be given to the committee in accordance with our request made there?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. You have given the substance of it?

Mr. CHIPMAN. Yes, sir. The reason my mind was been refreshed on it is because I asked if they had such a message and they said yes, they had this one message, which was addressed to the firm, in which I said that the President was going to issue a note on the rights of neutrals.

Mr. WHIPPLE. And that, you think, was about 3 o'clock?

Mr. CHIPMAN. Yes; it was about that time. It might have been later.

Mr. WHIPPLE. Speaking broadly, how did your customers stand at that time? Were they long of stocks or short of stocks?

Mr. CHIPMAN. Well, I think they were mostly long.

Mr. WHIPPLE. Did you have many customers who made short sales?

Mr. CHIPMAN. No.

Mr. WHIPPLE. Could you state roughly the comparison, the proportion, at least, of your customers that were in the habit of making short sales as compared with the total number?

Mr. CHIPMAN. Oh, I should not think it would average as much as 20 per cent of the total.

Mr. WHIPPLE. Can you state in a general way whether there was any unusual number of short sales; or, to put it in another way, a good deal or an unusual amount of short selling in your office Monday, Tuesday, and Wednesday?

Mr. CHIPMAN. No. I think that during those three days, Monday, Tuesday, and Wednesday, I think there was very little short. Wednesday was the day of the break. That was the day the note was issued.

Mr. WHIPPLE. No; it was issued Thursday.

Mr. CHIPMAN. I mean it was issued at 5 o'clock on Wednesday.

Mr. WHIPPLE. Yes.

Mr. CHIPMAN. I think there was more or less buying in the office and covering of short contracts Monday and Tuesday, and on Wednesday there was quite a little selling and quite a lot of liquidation of accounts. I do not think there was much short selling. I am sorry to say that in this particular case we were more long than short, and the result is that I think there was a good deal of selling, but selling from necessity and from a desire to liquidate.

Mr. WHIPPLE. You have stated what the reason was for the selling?

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. Was it based, do you think, on this statement which apparently had its origin in Chicago—I mean as it first came to you—that the President was to issue a peace note?

Mr. CHIPMAN. I did not get your question.

Mr. WHIPPLE. Read the question.

(The question was read.)

Mr. CHIPMAN. You mean selling in our office?

Mr. WHIPPLE. Yes.

Mr. CHIPMAN. No; I do not believe so, because I do not believe those dispatches were known to a single person in our office outside of my operator and myself.

Mr. WHIPPLE. But about 2 o'clock you got the Dow-Jones report that the selling in New York——

Mr. CHIPMAN (interposing). I think it was about 1 o'clock.

Mr. WHIPPLE. You think it was about 1 o'clock?

Mr. CHIPMAN. I think it was a few minutes past 1. I think that was the Dow-Jones report.

Mr. WHIPPLE. I think it did not come out until 2.05, in which they said that the renewed selling was said to be due to the information from private wires from brokers and that it could not be confirmed in administration circles. Is that the one you refer to?

Mr. CHIPMAN. In going over these things, when the news had come out, I naturally felt more or less embarrassed at my position in the matter, so I looked for sympathy to Dow, Jones & Co., taking up their dispatch. There was a dispatch at 12.30 in which they stated that the President was not going to issue a peace note, and my impression is that it was about 5 minutes past 1, I think that was the time, I saw the dispatch when they said that the selling was coming from Washington brokers' houses and that that selling was due to the rumor that the President was going to issue a peace note. Now, that is my impression of it, Mr. Whipple.

Mr. WHIPPLE. Could you readily secure and send up to us this message?

Mr. CHIPMAN. Oh, we never keep those things. They are thrown away every day. They are not important. They have no value at all. Of course, I may be mistaken.

Mr. WHIPPLE. I think that is a little earlier than what we have already had.

Mr. CHIPMAN. I may be mistaken.

Mr. WHIPPLE. I thought the first thing that Dow, Jones & Co. put out was about 2.05?

Mr. CHIPMAN. Well, that may be correct.

Mr. BENNET. The record shows that they sent an inquiry earlier.

Mr. WHIPPLE. Oh, yes; but what they put out to the newspapers was 2.05.

Mr. CHIPMAN. Yes, sir.

Mr. WHIPPLE. It is rather similar to the one you thought was put out at 1 o'clock?

Mr. CHIPMAN. If a man ever speculated on those sort of dispatches he would not last long.

Mr. WHIPPLE. That is all.

The CHAIRMAN. Any other questions?

Mr. CAMPBELL. Was there any gossip in your office that morning about the probable issuance of a note from the White House or the State Department?

Mr. CHIPMAN. Well, the first indication I had of it was in this dispatch.

Mr. CAMPBELL. From New York?

Mr. CHIPMAN. Yes. And from that time on I had a great many—oh, I do not mean a great many, but I mean I had quite a few people say that it was rumored around and this rumor was in Washington and lots of people had it and that Mr. Connolly had it and his office had it, and that rumor kept coming in. You know, they go from one office to another, a certain class of speculators that sort of float around.

Mr. CAMPBELL. Did you, as a broker, feel that there was something influencing the market?

Mr. CHIPMAN. Oh, yes. In all my years of experience in the business I have never known the market yet to not discount and always show that something was happening.

Mr. CAMPBELL. And something showed that somebody was operating on the theory or the information that something was going to happen. Is that the way the market appeared to you?

Mr. CHIPMAN. Yes. I will give you my idea of just what happened that day, if you would like to have it.

Mr. CAMPBELL. Yes.

Mr. CHIPMAN. But it is only my idea. You see, this message went out from Mr. Connolly's office, but in what form I do not know, and then to Chicago. Now, those houses represent certain wire systems running to 30 or 40 offices or houses. Now, each office has anywhere from 300 to 400 accounts and they get a great many other people who are trading in other houses in the same town or city. So it is just exactly like a spider web. If you touch one point of it the whole web vibrates. The result was that immediately selling orders started from these different houses. A man, a total stranger to me on this point, came to me and said he was from Charleston, S. C., and said he had an office there, and that Mr. Rod McKinnon, I think, of the firm that was mentioned—

Mr. BENNET (interposing). Thompson & McKinnon?

Mr. CHIPMAN (continuing). Said, "Get out of the market." That was the 20th. "Get out of the market. Can say no more." Now, those are the dispatches that always break people in the stock market. I mean to say traders and that class of people—that class of traders. The result is that they all immediately rush their orders to sell. Now, these orders all converged and came to Hutton & Co., and these different wire houses in New York, and had to pass through this neck of the funnel into the stock exchange, and, of course, the impression was immediately gotten that Washington was selling. But as a matter of fact it was Cincinnati, Chicago, Boston, New York, San Francisco, and every city in the country almost, which this web touched. It was coming because evidently Hutton & Co. had this information first—or, that is, their connections had it first, and it was going through the neck of the funnel and pouring in, and there was this old saying that is absolutely worn out, that "Washington is selling." Why, there is not enough business in Washington

really to keep two offices busy, and there has not been for years. It is all small business, and that is the whole thing; but whenever anything happens it is "Washington is selling." It is very impressive, and the traders use it on the floor of the exchange to scatter the other traders.

Mr. CAMPBELL. It is a bear act?

Mr. CHIPMAN. Yes. They think that it is something very serious when "Washington is selling," but there is nothing to it at all. It is perfect nonsense. But that is just what happened through these hundreds of offices and hundreds of accounts running from 10, 20, to 1,000 shares. These people were told to get out of the market and they got out, and a lot of them went short, and it all came down to the neck of the funnel where the orders had to go.

Mr. WHIPPLE. Have you a copy of that telegram that you spoke of from McKinnon, "Get out of the market?"

Mr. CHIPMAN. No, I have not. I know Mr. McKinnon very slightly. That is, I met him some years ago. This man who came in is a perfect stranger to me. I do not know his name. I do not even know his name at all.

Mr. WHIPPLE. I do not think McKinnon has ever given us that.

Mr. CHIPMAN. I do not know that he even sent it.

Mr. CAMPBELL. That was on the 20th? What was the effect on the market Monday and Tuesday, the day before? Was or was not there a nervous condition in the market?

Mr. CHIPMAN. Yes. The market had been more or less nervous and we had had a very severe break, and a great many men who seriously look at the stock market felt that the prices had declined to a level where it would be profitable to start investment buying. That was Monday and Tuesday, and there had been a considerable amount of buying by men who seriously look at the business. And then even on Wednesday morning up until about noontime the market was very quiet and very steady. It was not nervous. It was not nervous such as we always get after a break, but it had a very good foundation to it and there were very good buying orders throughout the market.

Mr. CAMPBELL. On Monday morning?

Mr. CHIPMAN. Monday, Tuesday, and Wednesday. I am speaking of those three days. Wednesday, particularly, I was watching the market. I think this market only started to break about noon, about 12 o'clock—between 12 and 1 o'clock—and of course it went very fast.

Mr. CAMPBELL. Now, did you have or hear any such information around your office as this:

We are confidentially informed that a highly important message to all belligerents and neutrals has been issued from Washington, interpreted not as pressure on belligerents in behalf of peace but as opportunity to put American demands on record to be considered if there is peace and warning that neutral rights must not be further encroached upon. Full text to be given out to-night and will be looked upon as move of great moment.

Mr. CHIPMAN. No; I did not hear a word about that.

Mr. CAMPBELL. You have been writing stock flashes or messages from Washington for probably 20 years?

Mr. CHIPMAN. We do not use flashes.

Mr. CAMPBELL. Well, or information?

Mr. CHIPMAN. Yes, sir.

Mr. CAMPBELL. Was there anything in the atmosphere of Washington and around brokers' offices on that day that would have enabled you to frame that telegram?

Mr. CHIPMAN. No, sir, not that I know of. I do not think I could have framed it.

Mr. CAMPBELL. From the information that was floating about?

Mr. CHIPMAN. No, sir.

Mr. CAMPBELL. That is all.

The CHAIRMAN. Any other questions?

Mr. LENROOT. Just one or two questions. You said your ledger accounts were kept in New York. Is that the ledger account of individual customers or accounts with your office as a whole?

Mr. CHIPMAN. No; individual customers.

Mr. LENROOT. Do you keep an account in your office?

Mr. CHIPMAN. Only a memorandum account, and I could tell you what the account was to-day, but I could not tell you what the account was on December 20.

Mr. LENROOT. You could not go back?

Mr. CHIPMAN. No, sir; the account was changed from day to day.

Mr. LENROOT. We will have to look to the New York office?

Mr. CHIPMAN. Yes, sir; that would be the true account.

Mr. BENNET. Have you the address of this man J. L. Livermore?

Mr. CHIPMAN. You can reach him through Harriman & Co. I do not know his address.

Mr. BENNET. You gave an interesting description of the way that orders in your judgment came in on December 20 as a result of the information that went out from Connolly to Hutton. Is it not true also that those orders would come in not only through Hutton & Co. but through the other brokerage houses, coming by reason of people who had brokerage accounts in other cities and offices other than Hutton's and who got the information in one of Hutton's branches and for some reason or another passed it on?

Mr. CHIPMAN. Yes. You see, I have not read the testimony very carefully, but I heard the names of the firms. Hutton & Co., Clement, Curtis & Co., I believe, have been mentioned, and McKinnon. Now, I think Clement, Curtis & Co. were at one time the Chicago correspondents for Hutton.

Mr. BENNET. They are yet.

Mr. CHIPMAN. Well, they have a system of wires that runs across the continent, and Clement, Curtis & Co. are in on that wire in some way. I do not know in what connection. I represented Hutton & Co. at one time in Washington. Rod McKinnon was a member of the firm of Logan & Bryan a number of years ago, an extremely nice man. I think he had some connection with them at that time, or at least they knew each other. So you can see that even one house could not execute all those orders pouring in at the same time, and even if Hutton was getting them he would have to give them to other houses. He would say, "J. L. Smith & Co., sell 100 shares, sell 200 shares, sell 50 shares," and so on. After a while they would say, "What are you selling all this stock for? What do you know?" Then they would tell them and the other people would take it and pass it on and it all piles into the neck of the funnel.

Mr. BENNET. So that this message that went from the Connolly office to Hutton had really started the general selling avalanche? The message that went from Connolly's office to Hutton started the selling avalanche all over the United States?

Mr. CHIPMAN. Yes; undoubtedly.

Mr. BENNET. Now, you said in your testimony that it was a busy day and you answered that first wire in substance, "Nothing doing." That you did not even take the time to call up any newspaper men?

Mr. CHIPMAN. Yes, sir.

Mr. BENNET. Now, if you had taken that thing a little more seriously and it had not been such a busy day in the office and you had gone to the trouble of calling up newspaper men, what newspaper men would you have called up?

Mr. CHIPMAN. Oh, I do not know. I might have called up a half a dozen.

Mr. BENNET. Just name the half a dozen that you might have called up.

Mr. CHIPMAN. I think that would be a very unfair thing to do.

Mr. BENNET. Well, I want to ask you later what newspaper men had any connection——

Mr. CHIPMAN (interposing). I told you that no newspaper man had any connection with us. If I had known you I might have called you up.

Mr. BENNET. I am not a newspaper man.

Mr. CHIPMAN. But if I had mentioned you it would appear that I had a connection, which is not so at all.

Mr. BENNET. Well, if my relations with your house had been such that you felt at liberty to call me up at the House of Representatives, you could tell me that. There is nothing criminal about it at all.

Mr. CHIPMAN. No, sir.

The CHAIRMAN. Mr. Bennet, just what is the question you are asking?

Mr. BENNET. Read the question.

(The stenographer read the question as follows:)

Mr. BENNET. Just name the half a dozen that you might have called up.

Mr. CHIPMAN. No; I will not do that, because I will not hurt anybody's name or reputation on a hearsay proposition.

Mr. POE. It is a hypothetical question.

Mr. CHIPMAN. Absolutely; and I will not do it.

Mr. BENNET. You said you might have called up any one of half a dozen newspaper men.

Mr. CHIPMAN. Why, certainly. I might have called you up if I had wanted something.

Mr. BENNET. Well, did you?

Mr. CHIPMAN. No, sir. As I said in my previous testimony, I have lived in Washington for a great many years, and I know a great many people, and I would not hesitate to call them up and ask them, "Did you hear anything about so-and-so, or things of that sort?" which I would have a perfect right to do. There is nothing shameful about our business.

Mr. GARRETT. Well, did you, in fact?

Mr. CHIPMAN. No, sir; I did not call up a single person.

Mr. BENNET. On similar occasions, when you wanted information as to what was going on in Washington, what newspaper men have you called up?

Mr. CHIPMAN. Well, I knew Mr. Price very well. I used to go fishing with Mr. Price, and things of that sort. He was not in our employ.

Mr. CHIPERFIELD. Have you still kept up the fishing?

Mr. CHIPMAN. No; I have not gone fishing the last year.

Mr. CHIPERFIELD. That was just a bad joke; that is all.

Mr. CHIPMAN. In view of the fact that he has testified here, I will say that if I had wanted to know anything I would not have hesitated to call him up and he would always tell me what he knew.

Mr. BENNET. In addition to Mr. Price, what other newspaper men?

Mr. CHIPMAN. Oh, I do not know.

Mr. BENNET. Well, you said you might have called up any one of five or six?

Mr. CHIPMAN. Yes; but I will not testify to anything like that.

Mr. BENNET. In other words, you decline to answer the question?

Mr. CHIPMAN. Because I have no idea whom I would have called up.

Mr. BENNET. Well, yes or no.

Mr. CHIPMAN. No; I will not say yes or no, even.

Mr. BENNET. You decline to give the committee the information?

Mr. CHIPMAN. No.

Mr. BENNET. You do not decline?

Mr. CHIPMAN. Well, for instance, I am an associate member of the Press Club. I might have met a half a dozen men in there at lunch, and to ask me now to mention their names here would be to publicly——

Mr. BENNET (interposing). You are not being frank to the committee.

Mr. CHIPMAN. Oh, yes; I am now, and you are asking me an embarrassing question, which I do not think you ought to do.

Mr. BENNET. Your testimony is that if you had not been so busy and had given the matter more thought that you might have called up any one of five or six newspaper men. Now, I am asking you to give the names of those newspaper men that you might have called up.

Mr. CHIPMAN. I have not the slightest idea.

Mr. BENNET. Then it is your testimony that you had no newspaper men in mind at all?

Mr. CHIPMAN. I had not any newspaper men in mind.

Mr. BENNET. Were there five or six newspaper men, any one of whom you might have called up and gotten that information from?

Mr. CHIPMAN. I do not know whether I would have or not.

Mr. BENNET. What do you mean by your previous testimony that if it had not been such a busy day and you had given more attention to it, that there were five or six newspaper men, any one of whom you could have called up?

Mr. CHIPMAN. I mean if I had wanted to find out this information, if I had not been so busy, I might have called up any number of people in Washington.

Mr. BENNET. We are not talking about people in Washington. We are talking about newspaper correspondents who have the privilege of the press gallery of the House of Representatives.

Mr. CHIPMAN. I do not know that I would have called up any. I might have called up brokers first.

Mr. BENNET. What members of the House press gallery do you know?

Mr. CHIPMAN. I guess I know a good many of them.

Mr. BENNET. Well, who?

Mr. CHIPMAN. That is perfectly absurd to ask me that.

Mr. BENNET. It is not absurd at all. Name those that you can recall.

Mr. CHIPMAN. Well, you will have to give me a list of the Press Association.

Mr. BENNET. If I call the names over of the Press Association, you could recognize the men that you knew?

Mr. CHIPMAN. I think so.

Mr. BENNET. And without that list you could not give a complete and accurate list?

Mr. CHIPMAN. Why, of course, I could not. I do not even know who belongs to the press gallery and who does not.

Mr. BENNET. Well, there is some reason for not giving it at this time, if you could not give a complete list.

Mr. CHIPMAN. Well, there is no reason at all. You ask me how I know, and I will tell you. It is impossible for me to tell who I know in the press gallery.

Mr. BENNET. That is enough answer at this time. You do not intend to leave Washington, do you? We can get you at any time?

Mr. CHIPMAN. You can get me all the time.

Mr. BENNET. That is all for the present.

Mr. GARRETT. Did you, by the expression that there were perhaps a half a dozen men that "I might have called up," mean to leave the impression that if you had called them up you could have gotten the information from them, that your relations with them were such that you could have gotten such information? Just what was the meaning of the word "might" as you used it?

Mr. CHIPMAN. You see I have tried to be as frank as possible in my testimony to-day and answer your questions generally as I could, and when I stated that there might have been a half a dozen men that I might have called up, that there could have been men that I could call up, and things of that sort, I implied by that just what I said, and that is, that if I had seen a newspaper man in the room here, or if I had thought, I might have called anyone I know and said, "So and so, do you know anything about it?" And they might have given it to me or they might not; they might have known it or they might not have known it. I never ask the confidence of any newspaper man. We have no newspaper men in any connection with us, whatever, and what they would give us would be voluntary.

Mr. GARRETT. If you will pardon me a moment, I think the importance of the line of inquiry made by Mr. Bennet might turn upon the meaning that you attributed to the word "might," and I think what the committee is interested in knowing is whether the word "might" as you used it was to indicate that there were relations between you and the newspaper men so that they were under obligations to you to supply information.

Mr. CHIPMAN. No, sir; there is no obligation. There is not a newspaper man in Washington or elsewhere that is under obligations

to me, whatever, or to the firm of Harriman & Co., whatever. That is what I have tried to make clear, and that is why I do not feel that I should bring into publicity perfectly innocent men—that there is no reason for me to mention their names.

Mr. GARRETT. Well, if there was a relationship, of course, it might be necessary for you to mention the names.

Mr. CHIPMAN. Yes; but I have testified that there is absolutely no relation whatever.

Mr. GARRETT. But I wanted to know what meaning you intended to convey to the committee in using the word "might."

Mr. CHIPMAN. No, Mr. Bennet is trying—I do not think Mr. Bennet is just fair on that—because, Mr. Bennet, I have testified that there are no newspaper men who are obligated to us, that have any connection, financial or otherwise, or who are on our books. As I said in the very beginning, I know a great many people in Washington and naturally a great many newspaper men, and I would not hesitate to ask a newspaper man if I saw him here, or if I wanted to telephone his office, and ask him if there was any news or anything of that sort, or if this or that rumor was true or not. There would be no objection to my asking him. Now, I think I would be well within my rights to do that, and I do not think that to say that I telephoned a man and said that Mr. So and So—that I telephoned specifically to Mr. So and So, would imply a connection that is wrong.

Mr. BENNET. You do not see the situation of the House of Representatives. I am not called upon to make an explanation of the question, but I will do so. Here are four pages of small print in the Congressional Directory of men who have the right to be in our gallery at any time, and any one of whom by sending in his name and the name of the paper which he represents can get almost any Member of Congress to come to the door if he is not absolutely occupied——

Mr. CHIPMAN (interposing). So can I. Can't I, as an individual?

Mr. BENNET. No.

Mr. CHIPMAN. They generally come if I ask a Member to come.

Mr. BENNET. Do you mind listening to me, or don't you?

Mr. CHIPMAN. Yes.

Mr. BENNET. They come to the parlor and have a Member of Congress come out and talk to them a good deal more confidentially than I would talk to you, I am frank to say, if I knew you were from Harriman & Co., because we believe that man represents a newspaper, and a newspaper only. Now, we are entitled to know whether the men who have the privilege of the House gallery are seeking to follow their own legitimate occupation or whether when they send for Mr. Chipfield or myself or anybody else they are really getting the information for brokerage houses, which may be perfectly legitimate in its own way.

Now, I have no desire to call off this long list of names, unless I have to, but I suggest that you do this: I will give you a Congressional Directory, a good book to have in the house anyway, and if you will communicate to counsel the names of the men in our press gallery that you know, it is possible that the committee will not use it at all, but the committee will have it if they need it. Will you do that.

Mr. CHIPMAN. There is no objection to that. I have no objection to stating that knowledge to you or any member of this committee, the names of all the newspaper men, because there are no connections that I need be ashamed of.

Mr. BENNET. Well, you can take this book at your leisure——

Mr. CHIPMAN (interposing). I have one of them.

Mr. BENNET. You have one?

Mr. CHIPMAN. Yes, sir.

Mr. BENNET. Well, take this anyway. You will find it on page 404.

Mr. CHIPERFIELD. Not that one; that belongs to counsel.

Mr. BENNET. I will give Mr. Withington another one. This is short selling.

Mr. CHIPERFIELD. That is a concrete illustration.

Mr. WITHINGTON. I hope the price does not go up.

Mr. BENNET. I have sold this Congressional Directory short.

The CHAIRMAN. Is that satisfactory, Mr. Chipman?

Mr. CHIPMAN. That is perfectly satisfactory to me, only I do not want to mention the names of people haphazard that I know.

Mr. BENNET. You are quite right about that.

Mr. CHIPMAN. And there is no newspaper men whom I could mention to your committee that has any connection with us.

The CHAIRMAN. But still, if any member desires to ask about any particular name, you would not hesitate to answer?

Mr. CHIPMAN. No, sir. In the same manner a newspaper man might want to ask me about some piece of news that he did not understand or a piece of stock-market news, and he might call me up and ask me about it. I have had newspaper men, unknown to me, call me as late as 1 or 2 o'clock in the morning at my house, and I always treat them courteously and they always treat me so.

The CHAIRMAN. Any other questions, gentlemen?

Mr. HARRISON. I want to ask this question. He has probably answered it already.

On the books of your concern are there any Members of Congress or any Senator or any of their secretaries whose accounts are carried on your books?

Mr. CHIPMAN. Yes, there probably are.

Mr. HARRISON. And when you furnish the list that will furnish the information?

Mr. CHIPMAN. Undoubtedly.

Mr. CHIPERFIELD. I would like to ask a question in view of the answer that has just been made.

What class of the designations that Mr. Harrison inquired about would be revealed? Let me ask you, in the four classifications you mentioned, is there any Senator's name on your books?

Mr. CHIPMAN. No, I do not think so.

Mr. CHIPERFIELD. Sir?

Mr. CHIPMAN. No, sir.

Mr. CHIPERFIELD. Is there any Congressman's name on your books?

Mr. CHIPMAN. Yes, sir.

Mr. CHIPERFIELD. How many?

Mr. CHIPMAN. I could not tell you offhand.

Mr. CHIPERFIELD. Well, the list will show their names?

Mr. CHIPMAN. You bet.

Mr. CHIPERFIELD. Is there any secretary to any Senator on your books?

Mr. CHIPMAN. Well, I can not say positively about that. I do not know who is a secretary——

Mr. CHIPERFIELD (interposing). Have you an impression to-day so as to give an answer about which you would be certain——

Mr. CHIPMAN (interposing). I do not think so.

Mr. CHIPERFIELD. Is there any secretary to any Congressman among the accounts or on your list?

Mr. CHIPMAN. I would not be positive about that.

Mr. CHIPERFIELD. In the last two answers there is no disinclination to give the information?

Mr. CHIPMAN. Oh, no, sir.

Mr. CHIPERFIELD. I have no doubt about that.

Mr. CHIPMAN. I am glad to testify to anything you want to know.

Mr. CHIPERFIELD. But that list will show, whatever the fact is?

Mr. CHIPMAN. Yes, sir.

Mr. CHIPERFIELD. Is your office frequented by Congressmen in any considerable number?

Mr. CHIPMAN. Why, no; no.

Mr. CHIPERFIELD. Well, now, we are getting to the point where we ought to have a little specific information.

Mr. CHIPMAN. Well, I notice that they come in and out. Some come in and watch to see what is going on, and some of them ask me about investments, and some of them ask me whether I think it is a good time to buy or sell stocks or make investments. Some want to know whether I think the market is going up or down. It is not a great number. We do not have the House of Representatives up there.

Mr. CHIPERFIELD. No.

The CHAIRMAN. Go as far as you like, so you do not get the Rules Committee in it.

Mr. CHIPERFIELD. I do not think you ought to leave the impression that there are any considerable number of Congressmen unless such is the fact.

Mr. CHIPMAN. No; there is no speculation of that sort in Washington, Mr. Chiperfield.

Mr. CHIPERFIELD. Well, I do not think there is, but we want to exhaust the sources of information, so as not to make it appear that anything is being concealed.

Now, in the market commencing the 1st of December and ending the 20th of December, was there any speculation of any kind, so far as you know, by any Member of Congress?

Mr. CHIPMAN. No; I do not think there was.

Mr. CHIPERFIELD. Well, your list shows that fact.

Mr. CHIPMAN. Oh, I do not think there was a single account, congressional or otherwise, in the office at that time, I do not think there was, on the books.

Mr. CHIPERFIELD. Are the accounts which you mentioned, where you say Congressmen have used your office, of a speculative character or an investment character?

Mr. CHIPMAN. No; very largely of an investment character. I do not know of—well, you might call it semispeculative, but they are not daily transactions, or anything of that sort.

Mr. CHIPERFIELD. Is it your opinion that in the market which we are inquiring about, say, 20 days before that period, that any Member of Congress was speculating short on stocks that would be affected by Executive action?

Mr. CHIPMAN. No; I do not know. No, there was not a single transaction on our books by a Member of Congress short on that market.

Mr. CHIPERFIELD. Well, the only reason I suggested that is simply this: The question has been brought up. Now, it goes to the country, and there are plenty of those who would herald it with delight and say that all Congress was speculating with these gentlemen. The only reason I make this inquiry is in order that the fact, whatever it is, may be known.

Mr. CHIPMAN. Yes. And, Mr. Chiperfield, in this connection, several times I have been up here, and even now there seems to be a tendency to feel that all brokers' offices are dens of iniquity.

Mr. CHIPERFIELD. We do not believe that.

Mr. CHIPMAN. I know you do not, but that idea is not true. It is just as proper as any other business, and we try to conduct our business properly, so that there would be no hesitancy in your coming into our office.

Mr. CHIPERFIELD. I would not hesitate for a moment.

Mr. CHIPMAN. There is no back door to our office.

The CHAIRMAN. Mr. Chipman, when you furnish this list, these names will be on there?

Mr. CHIPMAN. Yes, sir.

Mr. HARRISON. I suggest that Mr. Chipman will not be in New York when we examine these books of Harriman & Co., and I suggest that we get these accounts of Congressmen and secretaries to Congressmen here.

Mr. CHIPMAN. I did not say secretaries to Congressmen.

Mr. HARRISON. Well, secretaries. If we could get them here we could investigate them as far as possible.

Mr. CHIPERFIELD. I think there is a serious aspect to the matter, because we have just as much duty to disclose that as anything else.

The CHAIRMAN. It is a part of the resolution.

Mr. CHIPERFIELD. I know.

Mr. CHIPMAN. My testimony was to the effect that there was no short selling by any congressional individuals—that is, Senator or Congressman, or by their secretaries, that I know of, and when I say I know, I mean that, too. I do not evade that.

The CHAIRMAN. It is a question of whether they were running accounts there and speculating and trading in stocks, and what we would like is a complete list, and you promised that you would assist the committee in getting that in New York.

Mr. FOSTER. We can not get that here? I understand we can not get that here.

Mr. CHIPMAN. Why, yes, I can give you that.

The CHAIRMAN. You can furnish the Washington list?

Mr. CHIPMAN. Yes.

The CHAIRMAN. Then it should be furnished right away.

Mr. CHIPERFIELD. You do not need to furnish the whole list now, just the congressional part of it.

Mr. CHIPMAN. We will give you a list of the customers of our office. I will furnish you to-day, if you desire, a list of the customers of our office.

The CHAIRMAN. Well, we do want that.

Mr. CHIPMAN. Yes, I will furnish you that list, and on that list you can recognize the names.

The CHAIRMAN. And the accounts?

Mr. CHIPMAN. I can not do that. Harriman & Co. in New York will have to do that.

The CHAIRMAN. You have not the accounts?

Mr. CHIPMAN. No, sir.

The CHAIRMAN. But you have the names?

Mr. CHIPMAN. I will give you them in confidence.

The CHAIRMAN. And then ask them for the accounts of the secretaries and Congressmen?

Mr. CHIPMAN. They will do that.

The CHAIRMAN. You can give the list of names, but not the accounts?

Mr. CHIPMAN. Oh, yes; they are not speculative accounts.

The CHAIRMAN. Are any Congressmen purchasing stocks or selling stocks not in their own names but in the names of anybody else?

Mr. CHIPMAN. No, not to my knowledge; and I do not believe they do.

Mr. POU. Do you know of any Congressman who sold stocks short immediately after this, as a result of the publication of this peace note?

Mr. CHIPMAN. No, I do not believe there were any.

The CHAIRMAN. They did not seem to know what was going on.

Mr. CHIPERFIELD. It takes capital as well to operate the market.

Mr. CHIPMAN. You know, years ago at the time of the sugar scandal, I was in business then and my employer went to jail for 30 days for refusing to divulge names. There used to be 25 or 30, 40, or 50 Senators sitting around me, and sometimes it looked like the Senate was there, but now in these days you could not find one for the dust he would make in getting away.

The CHAIRMAN. I think, in justice to the committee, it was developed here the first day that not a single member of the committee knew where a single brokerage house was located in Washington.

Mr. CHIPMAN. I think that is generally true.

Mr. CHIPERFIELD. Mr. Bennet wants to confess that he knows where one is.

The CHAIRMAN. I do not believe those gentlemen were present on that day.

Mr. CHIPMAN. And the same way with Members of Congress. I remember in those days—but times have changed and conditions are different, and we never see those speculative accounts any more, and that is why I say that the business does not amount to much in Washington.

Mr. CHIPERFIELD. Has Congress reformed?

Mr. CHIPMAN. No; I do not think it has reformed, but I think it is just the changing of the times. The men are too busy now-a-days to spend their time in the office watching the market.

The CHAIRMAN. Any other questions?

Mr. WHIPPLE. No, sir.

The CHAIRMAN. You are excused, Mr. Chipman. Who is your next witness?

Mr. WITHINGTON. Mr. Hibbs.

TESTIMONY OF MR. W. B. HIBBS—Resumed.

The CHAIRMAN. You have been sworn, Mr. Hibbs. Mr. Lenroot, will you interrogate him?

Mr. LENROOT. I think his direct examination was completed.

Mr. BENNET. I will ask one or two questions now. You may have testified to this in answer to Mr. Whipple's interrogatories, but I will ask you again while Mr. Lenroot is looking over his notes. Was there any general gossip in your brokerage house that the President was going to issue a peace note?

Mr. HIBBS. Not that I recall. I might say, Mr. Bennet, that there was so much gossip about that time about the kind of note—it was a common talk to say that they expected another note, but it did not refer to the peace note. That occurred every day, so I did not pay any attention to it.

Mr. BENNET. You produced all the messages you wrote at that time?

Mr. HIBBS. I turned my file room over to this committee and told them to take whatever they wanted. Your representative has brought whatever has been taken out. They have not been handed to him by any employee of the firm. I really do not know what they are except the one that I read, the answer to Bryan.

Mr. BENNET. That is all.

Mr. LENROOT. Mr. Hibbs, I think you said your list of customers comprised about a thousand?

Mr. HIBBS. Well, I should say they are pretty near that. I only recall that by the clerk getting out the statement at the end of the quarter saying that there were 700 or 800 statements that he had to get out, and that meant that there must have been pretty nearly a thousand open accounts.

Mr. LENROOT. Referring to page 1224 of the record, when you left the stand, Mr. Hibbs, we had under consideration the matter of your furnishing to this committee a list of names and the transactions?

Mr. HIBBS. Yes, sir.

Mr. LENROOT. The transactions, I understand, have been sent to New York?

Mr. HIBBS. I prepared the list for the New York Stock Exchange in compliance with their demands.

Mr. LENROOT. Have you sent it on?

Mr. HIBBS. I am not certain whether they sent it on or not. It probably has gone. I prepared it. I saw it several days ago. It was prepared by the bookkeeper.

Mr. LENROOT. I suggest that if it has not gone it might save time to submit it to the committee here.

Mr. HIBBS. It is not very long. I could give you a copy of it in a very short time.

Mr. LENROOT. That was the list of transactions in thousand-share lots?

Mr. HIBBS. It was a list prepared for the stock exchange, or clearing-house committee, in accordance with the agreement with this committee before they left New York.

The CHAIRMAN. Could we have that to-day?

Mr. HIBBS. Yes, sir.

Mr. LENROOT. Now, in reference to the list of names of your customers, have you prepared such a list for us?

Mr. HIBBS. No, sir.

Mr. LENROOT. That was a part of the request, was it not?

Mr. HIBBS. Well, we were discussing that, as I understand it, when we left.

Mr. LENROOT. Yes; we were.

Mr. HIBBS. And I was trying at the moment to have you gentlemen consider the reasonableness of it. This resolution was only for the inquiry into some short sales between certain dates, and if you say the list of customers on my books, that is almost boundless. Most of them go back for 20 years or 30 or 35 years.

Mr. LENROOT. Oh, no; only the customers——

Mr. HIBBS (interposing). Between the dates called for by this committee and involving short selling or accounts up to a certain amount?

Mr. LENROOT. Yes.

The CHAIRMAN. Well, the resolution does not authorize going back any further than March 4, 1916.

Mr. HIBBS. What I am trying to get at is to know just what you want, because it would take me a great many weeks, or months, perhaps, to get the names for several years. I think most of it is in small accounts, and a great deal of it that goes through there is merely investment accounts. A man might come in and buy a bond and pay cash for it. You certainly do not want that?

Mr. LENROOT. The arrangement in New York was that we would not require the brokers to furnish all of their transactions, but limited it to these large transactions, with the understanding that we should have a list of their customers, and if in going through that list we found any particular one that we wanted to inquire into, we would get at the account in that way, without putting the broker to the trouble——

Mr. HIBBS (interposing). Do you want the names of the customers who had open accounts in December?

Mr. LENROOT. Yes. I do not think we want to go back of that.

The CHAIRMAN. I think that would cover it.

Mr. HIBBS. Otherwise it would be an endless job and a useless work.

The CHAIRMAN. That will accomplish the purpose.

Mr. LENROOT. If you will give us a list of all the accounts on your books during December——

Mr. HIBBS (interposing). Open accounts?

Mr. LENROOT. Yes.

Mr. HIBBS. You do not want me to give a transaction of a sundry account of a man or woman who comes in and buys a bond, or something like that?

Mr. LENROOT. Not bonds but stocks.

Mr. HIBBS. Suppose it was 10 shares?

Mr. LENROOT. Well, that would not matter.

Mr. HIBBS. Suppose it was a purchase and not a short sale?

Mr. LENROOT. Well, we might want that.

Mr. WHIPPLE. We want marginal accounts and short sales. If any one gave an order to buy a security and paid for it and took it out. I understand that is not asked for.

The CHAIRMAN. We do not want that.

Mr. HIBBS. Would you want the purchase of a small amount, even if it was partially paid for?

Mr. LENROOT. Not 10 shares, but say 100 shares.

Mr. HIBBS. That will make it much easier.

Mr. WHIPPLE. That will cover it.

Mr. LENROOT. Then it is understood.

Mr. HIBBS. Yes, sir. I will be very glad to do it.

Mr. CHIPERFIELD. Mr. Hibbs, when you were on the stand before this question and answer occurred in the record:

Mr. WHIPPLE. Now, let me direct your mind back to December 20, as the market conditions and other conditions existed at that time, if you can project your thoughts back to that time. What was your feeling on that day, and a day or two previous, as to the effect on the stock market of such announcement by the President of the United States dealing with the question of peace, or obviously intended to promote peace?

Your answer was this:

Mr. HIBBS. Well, that was common rumor and was generally discussed by people who were conversant with market affairs for a week before December 20.

That is the statement you intended to make, is it?

Mr. HIBBS. Not exactly, if it referred to peace, but the condition of the market. As I mentioned a moment ago, there were notes expected every moment.

Mr. CHIPERFIELD. Upon what subject?

Mr. HIBBS. The tendency of the market was down.

Mr. CHIPERFIELD. But upon what subject did rumors say these notes were expected?

Mr. HIBBS. It was not a rumor. Everybody said that the President instead of doing anything else would send another note.

Mr. CHIPERFIELD. Is that what you had in mind?

Mr. HIBBS. That is what I had in mind.

Mr. CHIPERFIELD. That it was a reasonable expectation, founded upon past experience, that another note would be speedily sent?

Mr. HIBBS. That is just exactly it.

Mr. CHIPERFIELD. That is all.

Mr. HARRISON. I want to ask Mr. Hibbs the same question I asked the preceding witness. Your books, I think you said, show true accounts; that is, that the accounts are carried in the right name of the person?

Mr. HIBBS. Yes, sir; it is in the name of the right person.

Mr. HARRISON. No one has a buying or selling account carried in the name of some other person on your books?

Mr. HIBBS. Not that I know of.

Mr. HARRISON. Are there any Members of Congress or any Senators who have accounts on your books?

Mr. HIBBS. Oh, in the course of my business, they have. I do not know that they have just now. My list will show, however, that I am willing to send to you and which I promised to send to this committee.

Mr. HARRISON. Do you know whether any of them had accounts on or about December 20?

Mr. HIBBS. No, sir; I do not know. The accounts have been prepared and sent to the stock exchange and I am going further and

furnishing a list of the accounts as of those dates, so that that would be better answered than I could from memory.

Mr. WITHINGTON. Have you got Mr. Regan's account that you were going to get for the committee?

Mr. HIBBS. I was not asked for it.

Mr. WITHINGTON. I thought you were.

Mr. CHIPERFIELD. Let us make the request now.

Mr. HIBBS. My recollection is that you asked me if I had an account with Mr. Regan and I said I had one account in November, but nothing since.

The CHAIRMAN. Yes; you went into that, and the committee intended to ask you for it, if they did not.

Mr. HIBBS. Yes, sir.

The CHAIRMAN. You understand it is J. B. Regan, of New York?

Mr. HIBBS. Yes; he was here and made one transaction in November, and I think he sold that out after he returned to New York.

Mr. CHIPERFIELD. Let us have that or anything else.

Mr. HIBBS. That is the only account I have had with Mr. Regan. I have never had any open or running account. That was just a complimentary order that he gave me while he was in Washington.

The CHAIRMAN. The books will show?

Mr. HIBBS. Yes, sir; whatever it was.

Mr. GARRETT. Do I understand that such transactions as occurred with Mr. Regan occurred merely upon his visits to Washington?

Mr. HIBBS. That was the only one.

Mr. GARRETT. When he happened to be here in Washington on business or otherwise, he would go to your house and do it there instead of sending it back to New York?

Mr. HIBBS. Well, it is a courtesy extended among brokers. He might have an account in New York, and he could come into my office and look at the market and have me execute his order and give up his house in New York, to facilitate the matter, having the benefit of the then market price, instead of having it telephoned or telegraphed to New York.

Mr. GARRETT. That is all.

The CHAIRMAN. That is all, Mr. Hibbs. Who is the next witness?

Mr. WITHINGTON. Mr. John L. Edwards.

TESTIMONY OF MR. JOHN L. EDWARDS.

The witness was sworn by the chairman.

The CHAIRMAN. Mr. Lenroot, you may examine the witness.

Mr. LENROOT. What is your name?

Mr. EDWARDS. John L. Edwards.

Mr. LENROOT. Where do you live?

Mr. EDWARDS. My office?

Mr. LENROOT. Yes.

Mr. EDWARDS. 1415 G Street.

Mr. LENROOT. How long have you been a resident of Washington?

Mr. EDWARDS. All my life.

Mr. LENROOT. What is your business?

Mr. EDWARDS. Broker.

Mr. LENROOT. How long have you been engaged in that business?

Mr. EDWARDS. Well, I have been a local broker for a number of years. I have only been a New York broker for a little over a year—the past year.

Mr. LENROOT. And prior to that time?

Mr. EDWARDS. Why, I have always lived in Washington. I was in the real estate business and also a member of the local exchange.

Mr. LENROOT. You were not engaged in the brokerage business at all prior to this?

Mr. EDWARDS. No, sir; only a local broker.

Mr. LENROOT. The name of your firm is what?

Mr. EDWARDS. John L. Edwards & Co.

Mr. LENROOT. Who are the other members of your firm?

Mr. EDWARDS. Albert P. Madeira.

Mr. LENROOT. Albert P. Madeira?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Is he a resident of Washington?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. And actively connected with your firm?

Mr. EDWARDS. Yes, sir. He has only been a partner since the 1st of January.

Mr. LENROOT. And how large an office have you, Mr. Edwards, the number of men employed, etc.?

Mr. EDWARDS. Well, I should say about 8 or 10.

Mr. LENROOT. You have active charge of the business?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. How is the work of the office divided between yourself and Mr. Madeira?

Mr. EDWARDS. Well, it is pretty hard to answer that right now. As I say, he has only been with me a very short time. We divide up the work.

Mr. LENROOT. You look after the financial side of it?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. You meet the customers?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. And generally have the supervision of it?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Have you any New York connections?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. What are they?

Mr. EDWARDS. Harris, Winthrop & Co.

Mr. LENROOT. What is that?

Mr. EDWARDS. Harris, Winthrop & Co.

Mr. LENROOT. Are you a member of the stock exchange?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Have you a private wire?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. More than one?

Mr. EDWARDS. No; only one.

Mr. LENROOT. How many telegraph operators have you?

Mr. EDWARDS. One.

Mr. LENROOT. Mr. Edwards, have you had anyone here in Washington employed to give you information on current events?

Mr. EDWARDS. No, sir.

Mr. LENROOT. No one at all?

Mr. EDWARDS. No one at all.

Mr. LENROOT. Is it the custom to send to your New York office information concerning current events?

Mr. EDWARDS. Yes, sir. If we hear anything rumored we wire it over.

Mr. LENROOT. And what inquiry do you make, from what source do you make it to get that information?

Mr. EDWARDS. Well, just as customers come into the office. If they should have any gossip we send it over. As a matter of fact, we generally look to New York for the gossip. They give it to us as a matter of fact.

Mr. LENROOT. Well, anything you send over the wires you base upon gossip in your office without making any attempt to verify the information?

Mr. EDWARDS. Oh, no. We verify it if we can.

Mr. LENROOT. How do you go about it to verify information that comes to you from gossip in your office?

Mr. EDWARDS. Well, I do not know just how it would be verified. We would try to find if it was true. As a matter of fact, we generally wire to New York, as they get more information than we do here, or than I do.

Mr. LENROOT. Well, assume that there is gossip in your office concerning action to be taken by Congress, what would you do to verify the gossip before sending any information to your concern in New York?

Mr. EDWARDS. I can not say that I have any source of information to verify it.

Mr. LENROOT. But if there was gossip in your office concerning events to transpire, coming from the State Department or White House, what would you do to verify that gossip?

Mr. EDWARDS. I can not very well do it, because I do not know anybody up there.

Mr. LENROOT. Then what do you mean by saying if there was gossip in your office you would verify it so far as you could?

Mr. EDWARDS. We would wire to New York.

Mr. LENROOT. That is what you mean?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. But suppose an inquiry came from New York, and there was gossip in your office concerning it, what would be your practice in reference to responding to that inquiry?

Mr. EDWARDS. Well, as I say, I would not have any source of information, because I can not say I really know any newspaper men or any officials in that way.

Mr. LENROOT. And therefore you would simply reply in that case that you had no information?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Mr. Edwards, when did you first hear anything about this alleged peace note of the President's?

Mr. EDWARDS. The first intimation I had was when a Mr. Ramsey came in my office and told me that Mr. Connolly he thought knew something.

Mr. LENROOT. That was all?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Did he ask you whether you knew anything?

Mr. EDWARDS. Yes; he asked me whether I knew anything, and I told him no; I knew nothing at all.

Mr. LENROOT. Do you know about what hour of the day that occurred?

Mr. EDWARDS. Well, it was approximately around about 1.30, I should say. I go on the local exchange at 12, and generally get a little lunch afterwards, and get back to the office about half past 1, and I presume it was around that time.

Mr. LENROOT. That was the first intimation you had of anything of the kind?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. There had been up to that time no gossip in your office concerning it?

Mr. EDWARDS. No, sir; we had not heard anything.

Mr. LENROOT. When did you next hear anything concerning it?

Mr. EDWARDS. I think the next I heard was the Dow-Jones dispatch that came in a little after that time.

Mr. LENROOT. That was sent out from New York at 2.05?

Mr. EDWARDS. I think it was; somewhere around there.

Mr. LENROOT. So that, between the time Mr. Ramsey came to your office and you received the Dow-Jones ticker, you had heard nothing?

Mr. EDWARDS. No, sir.

Mr. LENROOT. There had been no gossip in your office up to that time?

Mr. EDWARDS. No, sir.

Mr. LENROOT. Following it up a little further, when did you next hear anything during that afternoon?

Mr. EDWARDS. I do not recall hearing anything further until it came out in the newspapers.

Mr. LENROOT. During this time had you received any further inquiries concerning this matter?

Mr. EDWARDS. No, sir.

Mr. LENROOT. Did you on that day send any telegrams to anyone concerning it?

Mr. EDWARDS. No, sir.

Mr. LENROOT. I have before me, Mr. Edwards, the telegrams which you presented, and while I have not examined these, I presume that they are the telegrams, all that you find in your office, concerning all wires that were sent by you upon that date?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. And none of these, so far as I see, relate to this matter in any way?

Mr. EDWARDS. No, sir.

Mr. WHIPPLE. That is right, is it?

Mr. WITHINGTON. That is right.

Mr. LENROOT. Yes. How many customers, approximately, Mr. Edwards?

Mr. EDWARDS. I could not say offhand. I have a pretty good many. As I have explained, I have not been in business very long, a little over a year.

Mr. LENROOT. Approximately, would you say 500 or less?

Mr. EDWARDS. Somewhere in that neighborhood; possibly a little less than that, I should say.

Mr. LENROOT. What is your method of doing business? Do you keep the accounts of your customers here?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. They are kept here?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Have you complied with the request that was made by governors of the stock exchange?

Mr. EDWARDS. I think my office is getting that up now. I do not know whether they have sent it or not, but I know they are working on it.

Mr. LENROOT. Do you know when it will be completed?

Mr. EDWARDS. Very shortly, I imagine. They have been working on it in fair time right along.

Mr. LENROOT. With reference to the list of customers, did you understand that the request of the governing body was that you should submit a complete list of your customers?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Has that list been completed?

Mr. EDWARDS. I rather think so; I would not say positively.

Mr. LENROOT. It has not been sent on?

Mr. EDWARDS. No, sir; I do not think so; in fact, I am sure it has not.

Mr. LENROOT. Instead of sending it on to New York, you would be willing to send it direct to the committee, so as to save time?

Mr. EDWARDS. Yes, indeed—that is, a list of the names?

Mr. LENROOT. Yes. Mr. Bolling, I think, testified that at one time he was a customer of your firm?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Do you remember approximately when his business was closed with your firm?

Mr. EDWARDS. Why, it was closed about the 1st of last July, and he went in with Mr. Connolly.

Mr. LENROOT. If it should appear that he has done any business since that time, would you include a statement of his transactions?

Mr. EDWARDS. I know positively he has not done any.

Mr. LENROOT. None since the 1st of July?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. I think that is all.

Mr. BENNET. You mentioned the local exchange?

Mr. EDWARDS. Yes, sir.

Mr. BENNET. What is that?

Mr. EDWARDS. The Washington Stock Exchange.

Mr. BENNET. What do they do?

Mr. EDWARDS. They deal in local securities.

Mr. BENNET. That has nothing to do with what is known as listed securities on the New York Stock Exchange?

Mr. EDWARDS. No, sir; there are some few stocks that we have listed on this exchange which are listed in New York, but they are very inactive.

Mr. BENNET. You are what is known as a wire house, are you not?

Mr. EDWARDS. Yes, sir.

Mr. BENNET. We have had so far Hibbs & Co., Connolly, Harriman & Edwards. What other wire houses are there?

Mr. EDWARDS. N. L. Carpenter has a wire. Crane Parris & Co. have a wire. I do not recall any one else. Oh, yes, Flathers, Moorehead & Elmore.

Mr. BENNET. Used to be Post & Flather?

Mr. EDWARDS. Flather, Moorehead & Elmore, I believe, have their wire.

Mr. BENNET. Three in addition to those we have had on the stand?

Mr. EDWARDS. Yes, sir.

Mr. BENNET. Thank you. That is all.

Mr. LENROOT. Just one question. Do you receive from your New York office general news?

Mr. EDWARDS. Yes, sir.

Mr. LENROOT. Are you one some southern or through wire?

Mr. EDWARDS. No; we have a direct wire.

Mr. LENROOT. You have a direct wire, you say?

Mr. EDWARDS. Yes.

Mr. LENROOT. Are you familiar with the various telegrams that come to your office?

Mr. EDWARDS. I think so; more or less.

Mr. LENROOT. You do not remember of receiving any of those in your office on that day?

Mr. EDWARDS. No, sir.

Mr. LENROOT. That is all.

The CHAIRMAN. Any questions, gentlemen? (After a pause.) You are excused, Mr. Edwards.

Whom will you have next, Mr. Whipple?

Mr. WHIPPLE. Would the committee like to take these reporters now? I think they are very short.

The CHAIRMAN. Yes; I think they would.

Mr. WHIPPLE. And then the other brokers will be excused until 2 o'clock.

The CHAIRMAN. Yes, sir.

Mr. WITTINGTON. Mr. Groat.

TESTIMONY OF MR. CARL D. GROAT.

(The witness was sworn by the chairman.)

Mr. BENNET. Give your full name, please.

Mr. GROAT. Carl D. Groat.

Mr. BENNET. You live in Washington?

Mr. GROAT. Yes, sir; I work for the United Press Association, 2201 K Street.

Mr. BENNET. And in addition to the United Press Association, do you represent any other—

Mr. GROAT (interposing). Not a thing.

Mr. BENNET. I was going to ask if you represented any other newspapers, first?

Mr. GROAT. No, sir.

Mr. BENNET. I take it your answer is that you do not represent any other business activity?

Mr. GROAT. Not a thing.

Mr. BENNET. Were you one of the men who was present at the interview with Secretary Lansing on the morning of December 20?

Mr. GROAT. I was.

Mr. BENNET. You heard the Secretary's testimony as to what took place there, or you have read it?

Mr. GROAT. I have read it.

Mr. BENNET. Was that substantially what took place there?

Mr. GROAT. Practically; yes, sir.

Mr. BENNET. Do you want to add to that anything that the Secretary might not have thought important, but that you do think important?

Mr. GROAT. Well, I think there were one or two little points which he did not mention, but I do not think that they are essential at all.

Mr. BENNET. Nothing of any moment?

Mr. GROAT. No; he told the entire story, the substance of it.

Mr. BENNET. Did you send any message immediately after that to your press association or to anyone else?

Mr. GROAT. Well, we were informed that we might notify our offices that this note was coming along, and that our information was entirely confidential.

Mr. BENNET. Have you got a copy of the message you sent?

Mr. GROAT. Well, I would not send the message myself. I notified my office of the situation.

Mr. BENNET. Who, if you know, would have sent that message out from Washington?

Mr. GROAT. The manager of the bureau, I suppose.

Mr. BENNET. And who is he?

Mr. GROAT. Mr. J. P. Yoder.

Mr. BENNET. And how did you notify him—on the telephone?

Mr. GROAT. Yes, sir.

Mr. BENNET. Telling him that the matter was confidential and it was coming out at 5 o'clock?

Mr. GROAT. I told him all that the Secretary had said and that it was a confidential matter, but we were permitted to tell our offices.

Mr. BENNET. Other than your office, did you give the information to anyone else as to what the Secretary had said?

Mr. GROAT. No, sir; no one.

Mr. BENNET. Do you know Mr. Essary?

Mr. GROAT. I do.

Mr. BENNET. And Mr. Price?

Mr. GROAT. I do.

Mr. BENNET. Did you give either of them the information?

Mr. GROAT. Neither.

Mr. BENNET. Were there any newspaper men who were not present at the interview to whom you subsequently communicated the information, believing that they ought to have it and that they would respect the confidence that the Secretary had reposed in you?

Mr. GROAT. No; I did not.

Mr. BENNET. You did not tell anybody——

Mr. GROAT (interposing). No, sir; the only persons I spoke to that day were the people right in the conference.

Mr. BENNET. And who knew as much about it as you did?

Mr. GROAT. Yes, sir.

Mr. BENNET. At the White House there is what is known as the press room, isn't there?

Mr. GROAT. Yes, sir.

Mr. BENNET. Were you in the White House press room that day?

Mr. GROAT. I believe I was probably over there late in the afternoon, along about half past 5 or 6.

Mr. BENNET. That was after the note was given out?

Mr. GROAT. Yes, sir.

Mr. BENNET. But between 11 o'clock and 5 o'clock were you in the White House press room?

Mr. GROAT. Not to my knowledge.

Mr. BENNET. Or did you see Secretary Tumulty?

Mr. GROAT. No sir. No; I am absolutely sure I did not see him.

Mr. BENNET. That is all.

Mr. WHIPPLE. Would you like him to bring up those messages that were sent out?

Mr. BENNET. By Mr. Yoder?

Mr. WHIPPLE. Yes. You have copies of all that Mr. Yoder sent out, have you not?

Mr. GROAT. Yes; if they are still preserved.

Mr. WHIPPLE. Will you undertake to send them up?

Mr. GROAT. I will.

The CHAIRMAN. That is all. You are excused. Who is your next?

Mr. WITTINGTON. Mr. Early.

Mr. PROCTOR. In connection with Mr. Groat's testimony the United Press Association has sent up some telegrams which Mr. Bennet asked for during his examination.

I am informed by Mr. J. P. Yoder, manager of the United Press Association, that the first telegram which they sent out on the 20th in regard to the Lansing statement has not been preserved, but it is substantially similar to the information contained in the later messages. The following telegrams have been given to the committee to be read in connection with Mr. Groat's testimony. The initials C. D. G. in the telegrams refer to Mr. Groat; the initials J. P. Y. refer to Mr. J. P. Yoder.

(The telegrams submitted by Mr. Proctor are as follows:)

J. P. Y.:

Any idea time statement to be given out. Uncabling.

F. S. F.

Only indefinitest. CDG'S opinion may be about 5 or 6 but not earlier.

J. P. Y.

[Bulletin Lead.]

NEW YORK, DECEMBER 20.

A raid by bears on the stock market shortly after 2 o'clock this afternoon drove prices down to nearly 12 points from the high quotations of the day.

U. S. Steel broke to 108½ under an avalanche of selling orders, as compared with a high to-day of 113.

Atlantic, Gulf & West Indies at 2.15 sold at 110, off 11½ and nearly 22 points under yesterday's high. Mercantile Marine sold at 89½, a 10-point loss for to-day and a two-day loss of 18 points.

The Dow-Jones financial news ticker, in offering an explanation of the break said the Street had received confidential reports that the administration will address to the belligerents "some suggestions or proposals in regard to peace" in the near future.

F. S. F.:

CDG showed Lansing stock lead. Latter said: "Nothing to say. Request for confidence still in force. Must insist be observed to letter."

J. P. Y.

N. X.:

Looks now like that thing be held for morning release, and that it'll be given out for such release somewhere between 5.30 and 6.30. Suggest we hold this wire to get it into N. X. for cabling.

J. P. Y. W. A.

J. P. Y.:

Can't hold wire after 6. Advise what outlook is before that time.

F. S. F.

DECEMBER 20.

It's on way to office now and is for release "not before 12.05 a. m. Thurs. (to-morrow)." It's on peace.

J. P. Y.

There are two notes, one to the allies and one to the central powers. They're almost identical, the matter in parentheses being obviously the central-power note.

J. P. Y.

F. S. P.:

Here's the stuff. It's ready to go when you say. Incidentally, suggest you move it immediately, since it's for release 12.05 a. m. "local time," which means London is now pretty close to that hour.

J. P. Y.

F. S. F.:

Notes are what Bender story of December 14 predicted regarding pronouncement to world and public regarding U. S. attitude on peace and defining how hard 'tis for neutrals while war goes on.

Absolutely no chance for story safternoon. Mail's action is clearest, flagrant violation and be taken up later.

Release means it's for release at 12.05 a. m. in London at London; time for release 12.05 a. m. Chicago at Chicago time, etc.

J. P. Y.

TESTIMONY OF MR. STEPHEN T. EARLY.

(The witness was sworn by the chairman.)

Mr. BENNET. Will you give your full name and address to the stenographer?

Mr. EARLY. I have.

Mr. BENNET. I did not catch it.

Mr. EARLY. Stephen E. Early, of the Associated Press.

Mr. BENNET. And do you represent any newspapers other than the Associated Press, which is a combination of newspapers?

Mr. EARLY. I do not. That is prohibited by the Associated Press employment rules.

Mr. BENNET. And do you represent any business interests other than newspaper interests?

Mr. EARLY. None whatsoever.

Mr. BENNET. And you did not on the 20th of December last?

Mr. EARLY. No.

Mr. BENNET. I take it you are one of the gentlemen who were present at the interview with Secretary Lansing on the morning of December 20?

Mr. EARLY. That is right.

Mr. BENNET. Did you hear Secretary Lansing's statement before our committee, or have you read it since?

Mr. EARLY. I have neither read it nor did I hear it.

Mr. BENNET. Then I guess I will have to ask you to state substantially what occurred at that interview, and if you can state who were present—about how many?

Mr. EARLY. As I recall it, there were present three strangers in the room at the time, the usual gathering of newspaper men, perhaps 12 or 15. The names of the newspaper men I could not give you accurately.

Mr. BENNET. Secretary Lansing stated in substance that what occurred was—I do this to save time.

Mr. EARLY. Yes, sir; of course.

Mr. BENNET. That you gentlemen came there about 11 o'clock; that he came out into that room; that he said that a note was to be issued at 5 o'clock in the afternoon; that he was anxious that no garbled account of it be given out; and that it was to be issued for release on the morning of the 21st. Then there is testimony that some one asked him about how long it was, and he said it was a note of about 1,000 words, and he impressed upon you that the matter was strictly confidential. Is that the substance of what occurred?

Mr. EARLY. That is a very accurate account or summary of what happened there.

Mr. BENNET. Do you wish to add anything to it?

Mr. EARLY. There was nothing that I can add.

Mr. BENNET. You sent a message, I presume, to some one after that interview?

Mr. EARLY. Perhaps at this point I might explain to the committee that my work principally is War and Navy and military.

Mr. BENNET. Yes.

Mr. EARLY. All included in the same building, and that when there is a lack of work in the two Departments of War and Navy, I make it my business to go to the State Department conferences and at this Mr. Sweetser of the Associated Press, who is responsible for the news of that department. It so happened that morning that the work in the War and Navy had been completed, and that I was for that reason at the State Department conference. Mr. Sweetser received the Secretary's confidence for the Associated Press, so far as I was concerned, and inasmuch as he was there and to my knowledge had received it and was in a position to give the office the necessary protection, I made it no business of mine.

Mr. BENNET. You sent no message at all to any one?

Mr. EARLY. None at all.

Mr. BENNET. Did you mention it to anyone who was not present at the conference subsequently?

Mr. EARLY. No, sir.

Mr. BENNET. Were you at the Press Club for lunch that day?

Mr. EARLY. I was.

Mr. BENNET. Did you see Mr. Essary there?

Mr. EARLY. No.

Mr. BENNET. You know Mr. Essary and Mr. Price?

Mr. EARLY. Very well.

Mr. BENNET. Did you give either of them this information?

Mr. EARLY. No, sir.

Mr. BENNET. Were you in the press room at the White House between 11 a. m. and 5 p. m. on that day?

Mr. EARLY. To my knowledge—well, I can say that from the time that I left the State, War, and Navy Building, I went directly to the Press Club and had lunch and returned to the building, I left about 6 o'clock that evening.

Mr. BENNET. Then you could not very well have seen Secretary Tumulty between 11 and 5 p. m.?

Mr. EARLY. I did not.

Mr. BENNET. And I understand you say also in a general way that you did not discuss this matter with any one and did not send the message to any one, and that the primary responsibility being upon Mr. Sweetser, that all that you did was to be in the room and heard the confidence and knew it was a confidence, and did not disclose it?

Mr. EARLY. That is true.

Mr. BENNET. I suppose you listened attentively to Secretary Lansing's description of the President's note?

Mr. EARLY. Yes, sir.

Mr. BENNET. And you realized that it was a matter of importance?

Mr. EARLY. Certainly.

Mr. BENNET. If you had been sending a message to describe that note, do you think from what Secretary Lansing said, you would have given this description: "Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon"?

Mr. EARLY. Not I.

Mr. BENNET. That does not sound like what the Secretary said?

Mr. EARLY. I think, as long as the entire meeting was confidential, I might have very properly, in describing the note, used the Secretary's language.

Mr. BENNET. Which was?

Mr. EARLY. Which was, as I remember it, that it was not a peace note.

Mr. BENNET. And as I understand you to say, you would not have used any such language as I have read to you? That would not have described the note as you understood it to be?

Mr. EARLY. As I understood Secretary Lansing, and that being the available information on the subject, that it was not a peace note.

Mr. BENNET. I thank you very much.

Mr. HARRISON. Do you think it would not be a peace note, or do you think it would be a note to bring about peace? I am asking your individual opinion, from the surrounding circumstances and what was said.

Mr. EARLY. The Secretary said that he wanted to give us it, or that it was his purpose in giving this information to the newspapermen confidentially to prevent primarily garbled accounts of it that might return to our individual offices from abroad—foreign sources—where I think he said the note had been sent some 48 hours prior to the time of the conference that morning, and made it possible for some of the correspondents at the foreign capitals to get information from sources there and cable here. It seemed that the Secretary thought it possible that by giving us this confidence, he could prevent the publication of what he characterized as garbled accounts of this message.

Mr. HARRISON. What was your individual opinion, knowing the circumstances and every note that had been sent out by the President, and what was said that this note would contain, did you think it would not be a peace note, and its purposes would not be to bring about peace?

Mr. EARLY. I could not see the purpose of sending a note at that time that did not refer in some way to peace, or else have a bearing on peace; any diplomatic document exchanged between this Nation and the belligerent powers.

Mr. HARRISON. You have read the note?

Mr. EARLY. Yes, sir.

Mr. HARRISON. The note said it was not a peace note?

Mr. EARLY. It did.

Mr. HARRISON. But the underlying principle in it was to bring about peace?

Mr. EARLY. So it was quite generally construed.

Mr. HARRISON. That is all.

Mr. BENNET. That is all.

The CHAIRMAN. You are excused.

Mr. WITHINGTON. Mr. Warner.

TESTIMONY OF MR. CHARLES D. WARNER.

(The witness was sworn by the chairman.)

Mr. BENNET. You have given your name and address to the stenographer?

Mr. WARNER. Yes, sir; Charles D. Warner, 931 Colorado Building.

Mr. BENNET. What newspaper do you represent?

Mr. WARNER. The Christian Science Monitor, Boston.

Mr. BENNET. Did you represent any other newspaper or business interest on December 20?

Mr. WARNER. No.

Mr. BENNET. Were you present at this conference at which Secretary Lansing gave this information about the peace note?

Mr. WARNER. I was.

Mr. BENNET. You have heard that described by me in my questions to the last witness?

Mr. WARNER. Yes.

Mr. BENNET. Is that a substantially accurate description of what occurred?

Mr. WARNER. Yes.

Mr. BENNET. Is there anything you wish to add to that description?

Mr. WARNER. Except that at the conclusion of the conference I asked the Secretary, realizing the confidential character of it and a newspaper man's sense of the necessity of getting information to his editor, I asked if it would be permissible to let our editors know, in confidence, what was coming—that something of importance was coming—and he said he saw no objection to it.

Mr. BENNET. You asked him that publicly?

Mr. WARNER. Everybody heard it.

Mr. BENNET. The purpose of that question, I take it, was that the editors might reserve sufficient space for the note, and know that it was coming?

Mr. WARNER. Yes, sir. That is the idea, of keeping in touch with the office.

Mr. BENNET. And also not to publish any garbled account of the note, knowing that a correct account was on the way.

Mr. WARNER. Yes.

Mr. BENNET. Did you send that message?

Mr. WARNER. Yes.

Mr. BENNET. By wire?

Mr. WARNER. By wire.

Mr. BENNET. Have you a copy of it?

Mr. WARNER. I have not a copy of it. It is probably in the custody of the Western Union. They do not return——

Mr. BENNET (interposing). I know that, but you kept no copy of it?

Mr. WARNER. No.

Mr. BENNET. And we can get a copy, of course, from the Western Union office?

Mr. WARNER. Yes.

Mr. BENNET. Outside of that message that you sent to your newspaper, did you discuss it with anyone who was not present at the conference?

Mr. WARNER. No.

Mr. BENNET. Did you go to the Press Club for lunch?

Mr. WARNER. No.

Mr. BENNET. Do you know Mr. Essary?

Mr. WARNER. I do not.

Mr. BENNET. Do you know Mr. Price?

Mr. WARNER. I know Mr. Price.

Mr. BENNET. Did you talk it over with him between 11 and 5 at any time that day?

Mr. WARNER. No; I did not see him that day.

Mr. BENNET. Were you in the press room of the White House that day between 11 and 5?

Mr. WARNER. No.

Mr. BENNET. And you are quite sure that you did not discuss it with anybody?

Mr. WARNER. Not anybody who was not present at the conference.

Mr. BENNET. If you had been called upon to describe that note, would you have described it in the following language, or approximately the following language: "Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon?"

Mr. WARNER. I would not.

Mr. GARRETT. What was that answer?

Mr. WARNER. I would not so interpret it.

Mr. BENNET. That is, from what the Secretary told you, you would not have so interpreted it?

Mr. WARNER. No.

Mr. BENNET. And you had no other knowledge of the note except what the Secretary told you?

Mr. WARNER. No.

Mr. BENNET. You have been in the newspaper business for some time, have you not?

Mr. WARNER. Yes.

Mr. BENNET. And have had more or less experience in digesting important documents?

Mr. WARNER. Yes.

Mr. BENNET. And condensing them for newspaper work?

Mr. WARNER. Yes.

Mr. BENNET. That is all.

Mr. CAMPBELL. Did you get from the Secretary's statement in addressing the newspaper men that what he really wanted to do was to tell them that there was going to be a note and that it would be given out at 5 o'clock for publication the next morning?

Mr. WARNER. The following morning.

Mr. CAMPBELL. And he was doing that in order to apprise the newspaper fraternity that they would have the note itself rather than use any garbled fragments of it that might come from outside sources?

Mr. WARNER. Yes; I interpreted his actions in informing us of the note to be given out as purely a confidential piece of information for our guidance.

Mr. CAMPBELL. And for the guidance of your newspapers?

Mr. WARNER. And for the guidance of our newspapers, as I afterwards learned, when he said it would be proper to let our editors know in confidence. I interpreted nothing in what he said as indicating the character of the note in any way.

Mr. CAMPBELL. What he did say did not give the character of the note, did it?

Mr. WARNER. It did not. It was thought it was an important communication to belligerents and to neutrals for their information; nothing to indicate what the character of it was.

Mr. CAMPBELL. He really used the old-fashioned diplomatic language in talking to the newspaper men in that way, and concealing what was really in his mind?

Mr. WARNER. He did not intimate in any way what the character of the note was.

The CHAIRMAN. Any questions, gentlemen? [After a pause.] You may stand aside. Gentlemen, we will have to take a recess at this point, inasmuch as the committee has another matter which they will have to go into now.

Mr. CAMPBELL. And which has nothing whatever to do with this investigation.

The CHAIRMAN. No.

(Whereupon, at 12.10 p. m., the committee took a recess until 2 o'clock p. m., the same day.)

AFTER RECESS.

The CHAIRMAN. The committee will be in order. Who is your first witness?

Mr. BENNET. I would like to call some of the other newspaper men at this time.

The CHAIRMAN. Very well.

TESTIMONY OF MR. G. N. GARVIN.

(The witness was sworn by the chairman.)

Mr. BENNET. Mr. Garvin, is that the name?

Mr. GARVIN. Yes.

Mr. BENNET. What publication are you connected with?

Mr. GARVIN. International news service.

Mr. BENNET. And you, I presume, are one of the men who was present at 11 o'clock on December 20 when Secretary Lansing made his statement to the newspaper men in relation to the peace note?

Mr. GARVIN. I am.

Mr. BENNET. Have you read that statement, or have you seen it detailed in the newspapers?

Mr. GARVIN. No, sir.

Mr. BENNET. Were you here this morning?

Mr. GARVIN. Very late.

Mr. BENNET. Did you hear any of the questions which were asked of the other witnesses with regard to this matter?

Mr. GARVIN. I am not sure that I did.

Mr. BENNET. You have read Secretary Lansing's statement, have you not?

Mr. GARVIN. No.

Mr. BENNET. Then I will have to state to you in the form of a question the evidence that is on the record, that Secretary Lansing at 11 o'clock on the morning of December 20, at his interview with the newspaper men, told them that a confidential note was to be issued at 5 o'clock that afternoon; that it had been sent abroad, and that he was afraid that it was going to be returned to this country in garbled form; that he desired to guard against that; that the note was confidential; that it would be released for the morning of the 21st; that it was not a peace note, nor an offer of mediation. Is that substantially your recollection of the interview?

Mr. GARVIN. Yes. He said that the note had to do with economic conditions.

Mr. BENNET. Is there anything that you want to add to that description of the interview?

Mr. GARVIN. That was substantially as I remember it.

Mr. BENNET. After the interview, I presume you sent a message to someone in relation to the interview?

Mr. GARVIN. Why, permission was asked of Mr. Lansing if we could inform our offices that this note was to be given out, and he gave us permission, and I reported to my office that an important note would be given out at 5 o'clock.

Mr. BENNET. Was that report over the telephone?

Mr. GARVIN. Yes.

Mr. BENNET. Did you send any message by telegraph to anybody?

Mr. GARVIN. No.

Mr. BENNET. Are you employed by any one except this International Press Association?

Mr. GARVIN. No, sir.

Mr. BENNET. No other newspapers?

Mr. GARVIN. No.

Mr. BENNET. And no outside business?

Mr. GARVIN. None.

Mr. BENNET. And that was so on December 20 also?

Mr. GARVIN. Yes, sir.

Mr. BENNET. Do you furnish any information to anyone for the furnishing of which you are not directly compensated—any broker or anything of that sort?

Mr. GARVIN. No, sir; directly or indirectly.

Mr. BENNET. Were you at lunch at the Press Club on that day?

Mr. GARVIN. No.

Mr. BENNET. Do you know Mr. Essary?

Mr. GARVIN. Yes.

Mr. BENNET. Do you know Mr. Price?

Mr. GARVIN. Yes.

Mr. BENNET. Did you tell him about this interview?

Mr. GARVIN. No.

Mr. BENNET. Did you discuss with anyone who was not present at the interview the subject matter of the interview?

Mr. GARVIN. No.

Mr. BENNET. Were you at the White House press room that day?

Mr. GARVIN. No, sir.

Mr. BENNET. Not at any time?

Mr. GARVIN. No, sir.

Mr. BENNET. Did you have any conference or interview with Secretary Tumulty?

Mr. GARVIN. No.

Mr. BENNET. If you had been called upon to write a description of that note, would you have used this language, in form or substance, from what you heard from Secretary Lansing—and, by the way, did you hear any description of this note from anyone else?

Mr. GARVIN. Not from any official; just among the newspaper men discussing what was coming.

Mr. BENNET. Discussing what they had heard Secretary Lansing say?

Mr. GARVIN. Yes.

Mr. BENNET. Well, from what you heard Secretary Lansing say, would you have used the following language, in form or substance, as a description of the note: "Interpreted not as pressure on belligerents in behalf of peace but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon."

Mr. GARVIN. I think so.

Mr. BENNET. You think you would have used that as a description of the note?

Mr. GARVIN. Well, I thought that it had to do with peace.

Mr. BENNET. Did not you just testify—I do not think you understood my question. Please read it to him.

(The question was read by the stenographer.)

Mr. BENNET. The question is whether, if you had been called upon to describe the forthcoming peace note, your description, being based on what Secretary Lansing had said, whether you would have used that language, or anything like that?

Mr. GARVIN. I guess so.

Mr. BENNET. Did not you just testify awhile ago that Secretary Lansing alluded to it as a note relating to economic conditions?

Mr. GARVIN. Yes.

Mr. BENNET. Was not he asked the direct question whether it was a peace note, and did not he say it was not a peace note?

Mr. GARVIN. Yes, sir.

Mr. BENNET. And did not he say that it was not even an offer of mediation?

Mr. GARVIN. Yes.

Mr. BENNET. How would the language I have read to you be a correct description of it?

Mr. GARVIN. I thought he was evading the issue diplomatically.

Mr. BENNET. I am not asking you that, but I am asking you how you base that description on his language?

Mr. GARVIN. I would not on what he said, no. I should not take it as a peace note.

Mr. BENNET. I think you have already said that you had no description of the note from any one else?

Mr. GARVIN. No.

Mr. BENNET. So that all you knew about the note up until the time it was delivered to you at 5 o'clock was what you had heard from Mr. Lansing?

Mr. GARVIN. Yes, sir.

Mr. BENNET. When you got the note at 5 o'clock did you read it?

Mr. GARVIN. Yes.

Mr. BENNET. Did it accord at 5 o'clock in your judgment with the description that Secretary Lansing had given—I withdraw that question. I think that is all.

Mr. LENROOT. What did you say your name was?

Mr. GARVIN. Garvin.

Mr. LENROOT. And your newspaper?

Mr. GARVIN. International News Service.

Mr. LENROOT. When you left the Secretary of State's office that morning, where did you go?

Mr. GARVIN. To the press room.

Mr. LENROOT. How long did you remain there?

Mr. GARVIN. I do not know.

Mr. LENROOT. Did you go to the Press Club for lunch?

Mr. GARVIN. No.

Mr. LENROOT. Did you see Mr. Essary there?

Mr. GARVIN. No.

Mr. LENROOT. You know Mr. Essary, do you not?

Mr. GARVIN. No; I do not know whether he was at this conference or not; I do not recall having seen him.

Mr. LENROOT. You did not see him that day?

Mr. GARVIN. I did not have any conversation with him that day.

Mr. LENROOT. And you would have the committee understand that the language that Mr. Bennet read to you you gathered from Mr. Lansing's talk. Is that what we are to understand?

Mr. GARVIN. Yes.

Mr. LENROOT. Will you state to the committee upon what you base that?

Mr. GARVIN. Mr. Lansing stated that this note was no offer of mediation, nor, if I remember correctly, had nothing to do with peace. He said that it had to do with the economic conditions. He stated that positively.

Mr. LENROOT. Anything more?

Mr. GARVIN. Well, he said a good deal more, but I do not recall everything that he said.

Mr. LENROOT. But nothing more upon which you would base, if you were writing such a telegram, the telegram that was read to you. That is true?

Mr. GARVIN. No.

Mr. LENROOT. Then why, Mr. Garvin—upon what do you base this language: "Interpreted not as pressure upon the belligerents in behalf of peace but as an opportunity to put American demands on record"?

Mr. GARVIN. Well, while he said it had to do with economic conditions, he gave that impression; he said positively that it had nothing to do with peace, if I recall correctly.

Mr. LENROOT. Would you have this committee to understand from anything that you have related to this committee that you would be warranted in using the language: "Interpreted not as pressure on belligerents in behalf of peace but as an opportunity to put American demands on record"? Where did you get the idea that this would be an opportunity to put American demands upon record?

Mr. GARVIN. Well, I do not know that I intended to go quite that far. From what Mr. Lansing said you could get a very poor idea of what was coming. He did not give you any information of what was coming. You had to draw your own conclusions from it.

Mr. LENROOT. Well, was there anything from which you could draw any conclusion which you have not related to this committee?

Mr. GARVIN. From a general state of affairs, I thought that this note was going to have to do with peace.

Mr. LENROOT. And you drew your conclusion from what he did not say, rather than from what he did say. Is that it?

Mr. GARVIN. You might put it that way.

Mr. LENROOT. Then, if Mr. Lansing had said nothing you would have been just as much warranted in making this statement?

Mr. GARVIN. I do not think so.

Mr. LENROOT. Why not?

Mr. GARVIN. I did not know that any note or message was coming; I would not have known that if he had not said so.

Mr. LENROOT. Then, if he had merely said that a note was coming, then do I understand you to say that you would have felt warranted in making this statement?

Mr. GARVIN. I would not have said anything——

Mr. LENROOT (interposing). Of course, I understand that, because it was confidential. But throwing that aside, I am speaking now of your own view of the matter.

Mr. GARVIN. I would not have sent out a story to that effect.

Mr. LENROOT. I understand you would not, because it was confidential.

Mr. GARVIN. I would not otherwise. If it had not been confidential I would not have sent it out. I do not know If I would have been justified, even if I had not been bound to confidence. That had been written for a week, though, that we would make a peace note out of that.

Mr. LENROOT. I understand now that you wish to modify your statement to the effect that you do not think that you would have

said that it was an opportunity to put American demands to be considered in case there was peace—you said you did not?

Mr. GARVIN. Yes, sir.

Mr. LENROOT. So you would eliminate that. Then "Warning that neutral rights must not be further encroached upon"—was there anything in that conference that would have led you to include that in your statement?

Mr. GARVIN. He said that the note had to do with economic conditions. That might have covered that point.

Mr. LENROOT. Would you have gathered that warning that neutral rights must not be further encroached upon from that language?

Mr. GARVIN. I do not know that I would.

Mr. LENROOT. So it would eliminate those two from the telegram then, so far as your view was concerned.—"opportunity to put American demands on record to be considered," and also that it was "a warning that neutral's rights must not be further encroached upon"—so far as the situation then existed in your mind?

Mr. GARVIN. Yes.

The CHAIRMAN. You may stand aside.

Mr. GARVIN. Am I excused?

The CHAIRMAN. You are excused.

Mr. BENNET. Just one second.

Mr. GARRETT. I understand that you communicated by telephone with what publication?

Mr. GARVIN. The International News Service.

Mr. GARRETT. Here? Its local office?

Mr. GARVIN. Yes, sir; its office in the Munsey Building.

Mr. GARRETT. You communicated from the State Department to that office?

Mr. GARVIN. Yes.

Mr. GARRETT. Did you undertake to give any interpretation of the note or what your impression of the note would be in that connection?

Mr. GARVIN. I do not recall that I did. I simply told as nearly as I could what Mr. Lansing said.

Mr. BENNET. How long have you known Mr. Essary?

Mr. GARVIN. Well, I have a very pleasant acquaintance with him. I am not intimate with him at all.

I never saw him at all except in the building.

Mr. BENNET. And how long have you known him?

Mr. GARVIN. Since I have been in this building, about 10 months.

Mr. BENNET. Searching your recollection as to that 20th day of December, are you sure that you did not have a talk with Mr. Essary?

Mr. GARVIN. Absolutely sure.

Mr. BENNET. How many men are there connected with your bureau who knew or might have known of that note on that day?

Mr. GARVIN. Well, there was another man associated with me upstairs in the building that knew of it, and I talked with Mr. Odlin and Mr. Nevin on the phone.

Mr. BENNET. Mr. Eland is not connected with your bureau?

Mr. GARVIN. No.

Mr. BENNET. He is with another bureau?

Mr. GARVIN. Yes.

Mr. BENNET. The central?

Mr. GARVIN. No; I think he is with the Wall Street Journal.

Mr. POU. Mr. Garvin, in your communication to your people in this city in that phone message that you speak of, did you express any opinion as to the effect of this note?

Mr. GARVIN. I just said that I did not recall having expressed any opinion; that, as near as I remember, I simply conveyed to them as accurately as near as I could Mr. Lansing's words.

Mr. BENNET. One more question. One newspaper man sent out a message in which he said "Have information that important State Department statement regarding economic conditions of European war as affecting neutrals and intending to promote peace prospects, likely to become public late this afternoon." Leaving out the phrase "Likely to become public late this afternoon," which you knew to be true, and the words, "have information," which, of course, would not be your guess, because you knew; is that statement a fairly accurate description of what the Secretary said?

Mr. GARVIN. Well, he did not say that it had to do with peace. He said that it had to do with economic conditions.

Mr. BENNET. "Regarding economic conditions of the European war."

Mr. GARVIN. Yes.

Mr. BENNET. "As affecting neutrals."

Mr. GARVIN. Yes.; I believe he said that.

Mr. BENNET. That is all.

Mr. HARRISON. This being a great neutral country, and where a note was going to deal with economic questions, you thought that surely it would deal with peace to some extent?

Mr. GARVIN. Yes.

Mr. HARRISON. That is all.

TESTIMONY OF MR. ARTHUR SWEETSER.

(The witness was sworn by the chairman.)

Mr. BENNET. You represented the Associated Press?

Mr. SWEETSER. Yes.

Mr. BENNET. And you were present and in responsible charge of the Associated Press matters before Secretary Lansing at 11 o'clock on the morning of December 20?

Mr. SWEETSER. Yes.

Mr. BENNET. Have you heard the testimony of any other men?

Mr. SWEETSER. Yes.

Mr. BENNET. You have heard my description embodied in the question as to what took place in Secretary Lansing's office?

Mr. SWEETSER. Yes, sir.

Mr. BENNET. Was that substantially correct?

Mr. SWEETSER. It is hard to say accurately what the Secretary said. I talked to him about it afterwards, and he said that he had said at the time that this did not concern peace, and did not suggest mediation, and had nothing to do with the German peace offer. I think that that is reasonably correct; yes, sir.

Mr. BENNET. After that interview, did you send a message to anyone?

Mr. SWEETSER. No, sir; except to my office—a telephone message.

Mr. BENNET. A telephone message to your office?

Mr. SWEETSER. Yes, sir.

Mr. BENNET. You mean your local office in Washington?

Mr. SWEETSER. Yes.

Mr. BENNET. Do you know of your own knowledge whether your local office in Washington sent a message over the wire?

Mr. SWEETSER. I know that they did not.

Mr. BENNET. So that your office, in your knowledge, did not communicate this information to any branch of the Associated Press other than the branch here in Washington, either by telephone or telegraph or in any other way?

Mr. SWEETSER. I could not answer that question; no, sir.

Mr. BENNET. Who could answer that?

Mr. SWEETSER. I think the head of our Washington office, Mr. Elliott.

Mr. BENNET. Is that the gentleman to whom you telephoned?

Mr. SWEETSER. I think I told Mr. Probert about it.

Mr. BENNET. You do not know but Mr. Elliott would know whether the information was sent out of Washington?

Mr. SWEETSER. Yes, sir.

Mr. BENNET. Where did you go from that interview?

Mr. SWEETSER. Well, I sat around the State Department until about 1 o'clock, and then I went to lunch at the Press Club.

Mr. BENNET. At the Press Club did you discuss this matter with anyone who had not been present at the conference?

Mr. SWEETSER. Yes, sir.

Mr. BENNET. With whom?

Mr. SWEETSER. Mr. Hood, of our office.

Mr. BENNET. Do you know Mr. Essary?

Mr. SWEETSER. No, sir; not by name. I probably do by sight, but not by name.

Mr. BENNET. Do you know Mr. Price?

Mr. SWEETSER. No, sir; I know him by sight, too.

Mr. BENNET. Were you in the press room of the White House that day?

Mr. SWEETSER. No, sir.

Mr. BENNET. Did you have any interview with Secretary Tumulty that day?

Mr. SWEETSER. No, sir.

Mr. BENNET. Do you remember whether I asked you whether you had any interviews with any persons on that day other than those who had been at the conference with reference to this conference with Secretary Lansing, except Mr. Hood?

Mr. SWEETSER. I can not recall that I did. I remember discussing it with several men at the conference, but I do not remember of discussing it with anybody outside.

Mr. BENNET. Do you represent any news publication except the Associated Press?

Mr. SWEETSER. No, sir.

Mr. BENNET. Do you have any outside business here in Washington at all?

Mr. SWEETSER. No, sir; none at all.

Mr. BENNET. Do you furnish any information to any stock brokers for which you are not compensated?

Mr. SWEETSER. No, sir.

Mr. BENNET. If you had been called upon that day to write a description of the forthcoming note, and based your description upon what the Secretary said, would you have used the following language, in form or substance: "Interpreted not as pressure on belligerents on behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon"?

Mr. SWEETSER. Not on what the Secretary said; no, sir.

Mr. BENNET. Did you know anything else about the note except what the Secretary said?

Mr. SWEETSER. Absolutely nothing.

Mr. BENNET. Was there anything you had on which you could have based a description of the note embracing that language?

Mr. SWEETSER. Just the general situation; that is all. Secretary Lansing told us absolutely nothing that morning. Everything he said was negative, and it left us completely up in the air, and we all discussed what the possibilities were that this note might be. It might have been any one of a dozen things, and the Secretary's language was so framed as to indicate that it was a peace note.

Mr. BENNET. He said so, did he not?

Mr. SWEETSER. I do not think he did; no, sir. I do not think he did, because I spoke to him that afternoon after the note was out, and I asked, "How could you say that was not a peace note?" And he said that he had not said that.

Mr. BENNET. He testified here that he told you gentlemen that this was not a peace note.

Mr. GARRETT. Just a moment. His exact language is:

I stated to them that the communication was, as I said, to all the belligerents, but it did not contain proposals for peace or an offer of mediation.

Mr. BENNET. That is right.

Mr. SWEETSER. That is just what the Secretary said he had told me he had said. What he said it was did not mean anything. You could draw your own conclusions entirely.

Mr. BENNET. He did not say anything like the language that I read to you?

Mr. SWEETSER. No, he did not; and I think that anybody could have assumed anything he wanted to assume on account of the situation.

Mr. BENNET. You could assume that if he had simply said a note was coming at 5 o'clock?

Mr. SWEETSER. Yes, except that he did leave the impression that this might possibly be on economic politics.

Mr. BENNET. But apparently from the other witnesses his great concern was lest this note should come back to this country in a garbled form?

Mr. SWEETSER. No, sir.

Mr. BENNET. You did not get that impression?

Mr. SWEETSER. No, sir.

Mr. BENNET. Some of the other witnesses did.

Mr. SWEETSER. Well, that is not my impression.

Mr. BENNET. That is all.

Mr. HARRISON. You say that he did say something, you think, about the note being on economic questions?

Mr. SWEETSER. Yes, sir; he did not say anything to that effect, but he left that impression. That is all.

Mr. HARRISON. He left the impression with you that the note would deal with economic questions?

Mr. SWEETSER. That it might deal with economic questions.

Mr. HARRISON. Knowing the situation as you did, and knowing that a note was coming out at 5 o'clock, this being one of the leading neutral nations, did you think that it might deal with peace?

Mr. SWEETSER. No, sir; I did not.

Mr. HARRISON. You did not?

Mr. SWEETSER. I understand the Secretary's statement at the time that he made it to preclude that possibility.

Mr. HARRISON. Preclude the possibility of it dealing with peace at all?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. Or that it might lead to peace?

Mr. SWEETSER. At the time he made the statement, yes.

Mr. HARRISON. What was it he said that you based that conclusion on?

Mr. SWEETSER. I can not remember his exact words at the time, but afterwards he told me that he had——

Mr. HARRISON (interposing). I am talking about the statement that was given that morning.

Mr. SWEETSER. No, sir; I say I can not recall his exact words at the time.

Mr. HARRISON. You do not recall, then, why you based your conclusion on what the Secretary said?

Mr. SWEETSER. No, sir; I would not attempt to quote his words.

Mr. HARRISON. What was your idea about the note?

Mr. SWEETSER. I had no idea at all. I spent most of the luncheon time trying to figure out what it could be, and we figured that it might be an embargo or it might be some sea rights or maritime law, or something on general neutral rights.

Mr. HARRISON. And you read the note?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. Do you recall now what was in the note?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. Do you believe now from a reading of the note that it did deal with peace in the slightest degree?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. It was to some extent, then, a pressure on belligerents to bring about peace, was it not?

Mr. SWEETSER. Well, that would be my interpretation; yes.

Mr. HARRISON. That would be your interpretation?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. And a telegram that would say that it is interpreted not as a pressure on belligerents in behalf of peace, you would not think that the fellow had seen the note or had read it very carefully if he had sent such a message as that?

Mr. SWEETSER. No, sir; but as I say, I think it is fair to everybody who sent any telegrams out on this to say that you might have said anything you wanted to from what Secretary Lansing said and what you knew the situation to be. I do not think that because a man happened to guess the subject offhand, or had come pretty close to it, that is any proof that he had the note.

Mr. HARRISON. From your reading of the note do you believe that there was anything in the note that would state that it was an opportunity for American demands to be put on record, or was the underlying thought in the note that it was an opportunity for the belligerents' demands to be placed on record?

Mr. SWEETSER. The latter.

Mr. HARRISON. The belligerents' demands?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. Any message that might have been sent that would say, "But as an opportunity to put American demands on record to be considered," etc., you would think that the fellow would not have seen the note or read it very carefully?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. For it really meant that it would be an opportunity for the belligerents to put their demands on record?

Mr. SWEETSER. Yes, sir.

Mr. HARRISON. That is all.

Mr. LENROOT. You state that anyone might have said almost anything he wanted to, based upon Mr. Lansing's conversation, and you stated, in answer to Mr. Bennet, that there were ten or a dozen possibilities and one might choose any one of them?

Mr. SWEETSER. I think I said three.

Mr. LENROOT. Three?

Mr. SWEETSER. I had three possibilities in mind; yes, sir.

Mr. LENROOT. What were the three possibilities?

Mr. SWEETSER. Embargo, neutral rights, and maritime law.

Mr. LENROOT. Then, if there had been no seal of confidence imposed, and you had sent out such a telegram as has been read to you, you would not have thought of sending it out as conveying any accurate or reliable information, would you? It would have been purely a guess?

Mr. SWEETSER. Absolutely; yes, sir.

Mr. LENROOT. Now, you say you do not recall having mentioned this matter to anyone outside of the newspaper correspondents who were present, and the members of your office. If you did mention to anyone this matter, are you able to state if it would have been only to newspaper men if at all?

Mr. SWEETSER. Yes, sir.

Mr. LENROOT. And if you had stated it to newspaper men are you able to state that you would have carried with it the seal of confidence that you had?

Mr. SWEETSER. I would have told them that the Secretary told it to us in great confidence.

Mr. LENROOT. That is what I mean.

Mr. SWEETSER. Assuming that they would continue that confidence.

Mr. LENROOT. That is all.

The CHAIRMAN. You are excused.

TESTIMONY OF MR. AARON B. ROSENTHAL.

(The witness was sworn by the chairman.)

Mr. BENNET. I take it, Mr. Rosenthal, that you are one of the correspondents?

Mr. ROSENTHAL. Yes, sir.

Mr. BENNET (continuing). Who were there that morning at Secretary Lansing's office?

Mr. ROSENTHAL. Yes, sir.

Mr. BENNET. What papers do you represent?

Mr. ROSENTHAL. I represent just one, the Milwaukee Journal.

Mr. BENNET. And I presume that is Milwaukee, Wis.?

Mr. ROSENTHAL. Milwaukee, Wis.

Mr. CHIPERFIELD. The town that was made famous?

Mr. BENNET. Yes. Do you have any other business interests here in Washington except your newspaper?

Mr. ROSENTHAL. None whatever.

Mr. BENNET. And you represent no other newspapers?

Mr. ROSENTHAL. No.

Mr. BENNET. Have you heard my questions to the two witnesses who have preceded you on the stand this afternoon as to the conference of Secretary Lansing?

Mr. ROSENTHAL. Yes.

Mr. BENNET. As stated in my questions and their answers, was the description substantially accurate?

Mr. ROSENTHAL. I want to subscribe to the one Mr. Sweetser gave, the gentleman who preceded me, and say that the Secretary's statement that morning was so inconclusive of anything that I did not know exactly what he meant. I could not figure out what he meant at all.

Mr. BENNET. That brings up the next question. After you left him did you send a description of the conference by telephone or wire to any one?

Mr. ROSENTHAL. No, sir.

Mr. BENNET. You did communicate with your paper?

Mr. ROSENTHAL. No, sir.

Mr. BENNET. Is your paper an evening or a morning paper?

Mr. ROSENTHAL. An evening paper.

Mr. BENNET. Did you communicate with any one except the newspaper men who were present at that conference in relation to the subject matter of the conference?

Mr. ROSENTHAL. No, sir; I did not.

Mr. BENNET. Did you lunch at the Press Club?

Mr. ROSENTHAL. No, sir; I came down town to lunch.

Mr. BENNET. Do you know Mr. Fred Essary?

Mr. ROSENTHAL. No; I do not know him by name at all.

Mr. BENNET. Do you know Mr. W. W. Price?

Mr. ROSENTHAL. I am acquainted with Mr. Price.

Mr. BENNET. Did you have any conversation with him that day in connection with this matter?

Mr. ROSENTHAL. No; none at all.

Mr. BENNET. Were you in the press room at the White House?

Mr. ROSENTHAL. Before the conference; not afterwards.

Mr. BENNET. And when you were there before the conference, did you have any information from anybody that there was a peace note to be issued?

Mr. ROSENTHAL. No, sir; not at all.

Mr. BENNET. Did you have any information from any one except this conference with Secretary Lansing that the peace note had been issued which was to be made public on the morning of the 21st?

Mr. ROSENTHAL. No; nothing except the very vague rumors; that is, they were not, so far as I recall—those rumors were talked of in a most general sort of a way, but probably two or three days before anything was considered.

Mr. BENNET. But you have nothing except the vaguest sort of rumor?

Mr. ROSENTHAL. The vaguest sort.

Mr. BENNET. Did you interview Secretary Tumulty at any time in relation to these general rumors?

Mr. ROSENTHAL. No; except that the other men who visit the White House daily asked Mr. Tumulty if the administration contemplated anything. That, of course, was before Secretary Lansing's announcement.

Mr. BENNET. I understand you were not at the press room in the White House after 11 o'clock on that day?

Mr. ROSENTHAL. No, sir.

Mr. BENNET. I take it that if you had been asked to write a description of that note immediately on leaving Secretary Lansing, that you would scarcely, as a matter of knowledge, use this language as being based in any way on what the Secretary said: "Interpreted not as pressure on belligerents in behalf of peace, but as an opportunity to put American demands on record to be considered if there is peace, and warning that neutral rights must not be further encroached upon."

Mr. ROSENTHAL. No; I did not have any idea there would be a peace note.

Mr. BENNET. That is what I took from your testimony.

Mr. ROSENTHAL. No, sir.

Mr. BENNET. You merely knew that it would be a note?

Mr. ROSENTHAL. That it would be a note, and that it would be released for the morning papers, which meant that I would not have any interest in it until the following day.

Mr. BENNET. And you did not even wire your paper?

Mr. ROSENTHAL. Not at all. I did not until night, when I sent a regular story on the note itself, after it had been released to us.

Mr. LENROOT. Mr. Rosenthal, during that day of the 20th, did you hear this matter discussed in any way except as between newspaper men who were present at the conference?

Mr. ROSENTHAL. Well, about 4 o'clock some one asked me in the Senate Press Gallery—some one came up and said "I understand that a peace note has been sent to Germany."

Mr. LENROOT. Nothing before that time?

Mr. ROSENTHAL. Nothing before that time.

Mr. LENROOT. That is all.

TESTIMONY OF MR. ALFRED E. CLARK.

(The witness was sworn by the chairman.)

Mr. BENNET. Mr. Clark, give your full name and address to the stenographer, please.

Mr. CLARK. Alfred E. Clark; Washington Star.

Mr. BENNET. What newspaper do you represent?

Mr. CLARK. The Washington Star.

Mr. BENNET. And are you one of the group who was present at this interview with Secretary Lansing on the morning of the 20th?

Mr. CLARK. Yes, sir.

Mr. BENNET. You have heard my questions to the witnesses who have preceded you and their answers?

Mr. CLARK. I beg pardon. I did not hear their answers.

Mr. BENNET. You did not hear their answers?

Mr. CLARK. No, sir.

Mr. BENNET. You heard the description of the interview with Secretary Lansing, as embraced in my questions?

Mr. CLARK. No; I did not. I am a little hard of hearing, and I sat some distance back, and their faces were turned from me and I did not hear what they said.

Mr. BENNET. Just give the committee, then, your recollection of what took place at that conference on the morning of December 20 at 11 o'clock with Secretary Lansing.

Mr. CLARK. My recollection is that Secretary Lansing announced that a message had been sent to the belligerents and the neutrals, and that it would be given out that evening at 5 o'clock p. m., and he notified us that this information was confidential. And, in response to questions, he said he could not say anything about the character of the note, except that it did not relate to peace or mediation. In reply to further questions, he said, well, it related to economic conditions that might be affected by the war; that is about the substance of it—I would not attempt to quote it at all.

Mr. BENNET. After you left the conference, did you send a message to your paper or to anyone else?

Mr. CLARK. Yes, sir; I sent a note to the Star.

Mr. BENNET. Over the telephone?

Mr. CLARK. No; I wrote a note.

Mr. BENNET. Do you know where that note is now?

Mr. CLARK. Yes, sir.

Mr. BENNET. Have you got it with you?

Mr. CLARK. Yes, sir.

Mr. BENNET. Let us see it.

Mr. CLARK (handing paper to Mr. Bennet). Here it is.

Mr. BENNET. How did you send the note?

Mr. CLARK. I have a messenger boy at the War Department, and I sent it down by the boy.

Mr. BENNET. Shall I read this?

The CHAIRMAN. Yes.

Mr. BENNET (reading):

Strictly confidential. President has sent an identical note to each of the belligerents showing the effect of the war on economic conditions in the United States and other neutral nations, but containing no offer to mediate for peace. It is to be made public this afternoon about 5 o'clock, so as to avoid any influence on stock market. Mr. Lansing told press men—

that word is "press" is it not?

Mr. CLARK. Yes, sir—"press men."

Mr. BENNET (continuing).

Press men this in confidence this morning, and enjoined them—

"them" underscored—

from publishing anything on the subject before to-morrow morning. Of course, if you get story from A. P. or other reliable source, you are free to use it. Please preserve this note for me. A. J. C. December 20, 1916.

Why did you want the note preserved for you?

Mr. CLARK. Well, I had an idea that possibly something might come out on this subject, and I wanted to explain why I did not have anything on it. I put the responsibility up to the office, in other words.

Mr. BENNET. You were covering your newspaper employment, in other words?

Mr. CLARK. It was in my field, and I could not say anything about it, and I wanted to protect myself and to show why I did not say anything about it.

Mr. BENNET. After you left the conference at the Secretary of State's office where did you go, if you remember?

Mr. CLARK. I remained about the building there until lunch time.

Mr. BENNET. Remained at the State Department?

Mr. CLARK. That is my bailiwick, as you might call it, the State, War, and Navy Departments.

Mr. BENNET. Did you lunch at the Press Club?

Mr. CLARK. I did not.

Mr. BENNET. Were you in the press room of the White House on that day?

Mr. CLARK. No, sir.

Mr. BENNET. Of course you know Mr. Price, of your paper?

Mr. CLARK. Yes, sir.

Mr. BENNET. Did you see him that day?

Mr. CLARK. No, sir; I may have seen him in the morning before he went out. I usually see him about 8 o'clock.

Mr. BENNET. Did you discuss this peace note with him?

Mr. CLARK. No, sir; I did not see Mr. Price at all that day after 11 o'clock.

Mr. BENNET. Did you know Mr. Essary?

Mr. CLARK. Yes, sir.

Mr. BENNET. Did you see him that day?

Mr. CLARK. I did not see him. He may have been up to the departments later.

Mr. BENNET. If you had discussed this peace note with him, do you think you would have remembered that?

Mr. CLARK. Oh, yes.

Mr. BENNET. Did you discuss it with him?

Mr. CLARK. No, sir.

Mr. BENNET. Other than this message which you sent to your city paper, did you discuss this matter with anyone who was not present at the conference with Secretary Lansing?

Mr. CLARK. I did not.

Mr. BENNET. Do you represent any newspaper except the Star?

Mr. CLARK. No, sir.

Mr. BENNET. Have you any other employment except on that newspaper?

Mr. CLARK. No, sir.

Mr. BENNET. Do you represent in any way brokerage concerns?

Mr. CLARK. No, sir.

Mr. BENNET. Do you give any information to any brokerage concerns for which you are not directly compensated?

Mr. CLARK. Did you say did I or do I? No, sir.

Mr. BENNET. Or did you in the month of December?

Mr. CLARK. No, sir.

Mr. BENNET. Do you draw any distinction between that form of the question—did you or do you?

Mr. CLARK. I did not know but what you might have gone back 10 or 15 years.

Mr. BENNET. Oh, no. But what you say of your present employment would that be true of your employment during the month of December, 1916?

Mr. CLARK. No, sir; I have no other employment but the Star, and have had none for several years.

Mr. BENNET. That is all.

Mr. HARRISON. I would like to ask one or two questions. In that conference between the Secretary of State and the newspaper men, did the Secretary of State say that the note did not relate to peace or did he say that it was not a peace note?

Mr. CLARK. He might have said that.

Mr. HARRISON. I see. And he said that it was not an opportunity of mediation, and you drew on your imagination that it dealt with economic conditions with the belligerents? Is that right?

Mr. CLARK. Yes, sir.

Mr. HARRISON. And on that you wrote this message?

Mr. CLARK. Yes, sir.

Mr. HARRISON. In which you said:

President has sent an identical note to each of the belligerents showing the effect of war on economic conditions in the United States and other neutral nations, but containing no offer to mediate for peace.

That was your guess?

Mr. CLARK. That was my summary.

Mr. HARRISON. You guessed pretty well, didn't you?

Mr. CLARK. He said—how do you mean? I did not say I guessed.

Mr. HARRISON. Do you think that was a better interpretation of what he said than this message: "Am informed that State Department will issue statement to-day regarding economic conditions European war as affecting neutrals, intended to promote peace prospects"? Is there very much difference in your message and this latter message which I have read, so far as interpreting the conference between the newspaper men and Secretary Lansing is concerned?

Mr. CLARK. I think so.

Mr. HARRISON. You think they are about the same?

Mr. CHIPERFIELD. He said there was a difference.

Mr. CLARK. That does affect peace, and I said it did not.

Mr. HARRISON. You said it was not an offer of mediation?

Mr. CLARK. Yes, sir.

Mr. HARRISON. Would you think, as a newspaper man, knowing the conditions, and knowing that this country was a great newspaper country, that any note that related to economic conditions as affecting neutrals with the belligerents, that it might pertain indirectly or more or less with peace?

Mr. CLARK. I would think so; yes, sir. I could not understand what else the note did refer to at that time, but as he said it did not, I took his word for it.

Mr. HARRISON. So a fellow might arrive at various conclusions as to how to interpret this note from what Mr. Lansing had said.

Mr. CLARK. I admit that that morning I expressed myself to one or two others there as not understanding what Mr. Lansing meant about the note.

Mr. HARRISON. And anyone might send out this note, and it would be a very good interpretation of what transpired when he said, "I heard that the Department of State will issue statement to-day regarding economic conditions European war as affecting neutrals, intended to promote peace prospects. What do you think of this, and how are you on stocks?"

Mr. CLARK. I think so.

Mr. CHIPERFIELD. Where is the note you wrote?

Mr. CLARK. I do not know.

Mr. CHIPERFIELD. Mr. Harrison has it, has he?

Mr. HARRISON. Yes.

Mr. CHIPERFIELD. Let me have it, Mr. Harrison, please. I did not clearly understand what you said the Secretary said about economic conditions. Would you mind repeating it?

Mr. CLARK. That was in response to a question.

Mr. CHIPERFIELD. What did he say, if you please, without reference to how he happened to say it?

Mr. CLARK. Well, there were several questions as to what the character of the note was, and the Secretary stated—my recollection is that it was not a message of peace nor of mediation, but it might apply to economics—it might be said to apply to the economic conditions of the situation.

Mr. CHIPERFIELD. You stated, then, in terms to your editor: "But containing no offer to mediate for peace."

Mr. CLARK. Yes, sir.

Mr. CHIPERFIELD. Was there anything in the Secretary's statement at that time that the note was intended to promote peace?

Mr. CLARK. You ask me if there was anything in his statement?

Mr. CHIPERFIELD. Yes; in his statement that the note was intended to promote peace.

Mr. CLARK. No, sir; not that I heard.

Mr. CHIPERFIELD. And is it not true that either by words or by suggestion he said it was not on the subject of peace?

Mr. CLARK. Yes, sir; that is right.

Mr. CHIPERFIELD. So there was nothing that anyone would be warranted in drawing the conclusion that it was a peace note from the statement made by Secretary Lansing at that time?

Mr. CLARK. I think so.

Mr. CHIPERFIELD. I do not know, now, that I understand your answer.

Mr. CLARK. I meant to respond affirmatively to you, that there was nothing said at that conference that would justify the conclusion that the note was about peace—in view of the statement of the Secretary.

Mr. CHIPERFIELD. Was there anything in what he said that would amount to any interpretation of the note—any kind of an interpretation of the note?

Mr. CLARK. Not to my mind.

Mr. CHIPERFIELD. If a newspaper man uses the term "interpreted" it means his condensation of the whole situation, as a rule, does it not?

Mr. CLARK. Yes, sir.

Mr. CHIPERFIELD. That, after he has gone over the situation, he interprets the meaning of it?

Mr. CLARK. Yes, sir; that is the meaning of it.

Mr. CHIPERFIELD. And where the Secretary gives out a statement, or some other person as to a subject matter of a note, you would hardly speak of that as an interpretation of the note, would you?

Mr. CLARK. No; I should not; no, sir.

Mr. CHIPERFIELD. Did Secretary Lansing say anything at that time whether or not it was or was not a pressure on the belligerents on any subject?

Mr. CLARK. I did not hear him say anything of the sort.

Mr. CHIPERFIELD. Of course, in the room there were paying particular heed and were close enough to hear what was said?

Mr. CLARK. Yes, sir.

Mr. CHIPERFIELD. And the question of pressure or absence of pressure was not mentioned?

Mr. CLARK. Yes, sir; that would have made an impression on me.

Mr. CHIPERFIELD. Did his statement contain any information at that time that it was an opportunity to put American demands on record to be considered?

Mr. CLARK. No, sir; not that I heard.

Mr. CHIPERFIELD. Was there anything in his entire statement made at that time that would even bear upon that subject?

Mr. CLARK. I think not.

Mr. CHIPERFIELD. Did the Secretary say at that time anything that the note was to be a warning that neutral rights must not be further encroached upon?

Mr. CLARK. No, sir.

Mr. CHIPERFIELD. Did the Secretary say anything upon the subject of an encroachment of neutral rights at all?

Mr. CLARK. Not that I——

Mr. CHIPERFIELD. You stated, but I do not now recall what you said. Did the Secretary state whether or not this note was addressed to belligerent and neutrals. Do you remember that?

Mr. CLARK. I am sure about the belligerents.

Mr. CHIPERFIELD. Yes?

Mr. CLARK. And I am pretty sure about the neutrals.

Mr. CHIPERFIELD. Do you think it included them both?

Mr. CLARK. Yes; I did not have it in my note, but I think it did include neutrals.

Mr. CHIPERFIELD. Did the Secretary say anything in his statement that the message bore on the economic situation of the European war as affecting neutrals?

Mr. CLARK. Well, I do not know; if he did not say that he implied that.

Mr. CHIPERFIELD. I understood you to say that his statement was that the note would touch on the economic situation?

Mr. CLARK. Well, yes; the economic conditions as affected by the war.

Mr. CHIPERFIELD. Did he say whether or not the object was to directly or indirectly promote peace?

Mr. CLARK. No, sir.

Mr. CHIPERFIELD. That is all.

Mr. CLARK. Do you want that note?

Mr. CHIPERFIELD. No, sir.

Mr. GARRETT. Did the Secretary say to you gentlemen there that one of the reasons for giving you the information as to the note was that it might come back from abroad in garbled form?

Mr. CLARK. Yes, sir.

Mr. GARRETT. That was stated?

Mr. CLARK. Yes, sir.

Mr. GARRETT. Was that stated in answer to a question, if you remember?

Mr. CLARK. Yes, sir.

Mr. GARRETT. Or was it stated directly by him without any question?

Mr. CLARK. That was stated in answer to questions, I think; as somewhat of an explanation as to why he gave us the information.

Mr. GARRETT. Some one asked him why he gave it out?

Mr. CLARK. Yes, sir. I do not know whether he asked you that directly, but that was the idea.

Mr. GARRETT. You did not assign that reason in the note which you sent to the Star, did you?

Mr. CLARK. No, sir. That was the idea that I had in the note, that they might get this story from any European country, from some source covered by the Associated Press, and Mr. Lansing's restriction on us, on the newspaper men who were there, did not apply to that, in my mind—anything that came from any other source.

Mr. GARRETT. But at the same time he stated that one of the reasons he gave—I mean, he stated that one reason for giving it to you at that particular time, that is, giving you the information that it was coming, was that it might come back in garbled form, and he was anxious to prevent that?

Mr. CLARK. Yes, sir. Well, he referred to that, but I think some one asked him the question what we could do if it did come back in garbled form. We could not suppress it, because we did not know whether it was garbled or not. We did not know what was in the note.

Mr. GARRETT. Was it not in connection with that very note that he gave permission to the correspondents to notify their respective papers that the message was coming?

Mr. CLARK. I think that was understood; that was one of the purposes.

Mr. GARRETT. And did not you understand that the reason the permission was given to you was to notify the papers, so that they might prevent publication of it in garbled form?

Mr. CLARK. Not altogether. We were to notify the offices that the message was coming out, and it was his idea that it might possibly have that effect, but as I understand it, he did not expect us to be able to control the offices with regard to such a message. In fact, he said so to us.

Mr. GARRETT. But was it not your impression that he rather expected that you would notify your papers? If you did notify your papers, that the reason for it was that the note might come back in garbled form?

Mr. CLARK. Yes, sir.

Mr. GARRETT. That was your impression at the time?

Mr. CLARK. Yes, sir.

Mr. GARRETT. But you did not so notify your paper?

Mr. CLARK. But the question was also raised at the time, how could the offices tell it was in garbled form? We did not know whether it was in garbled form or not. We did not know what the note was.

Mr. GARRETT. I presume that the Secretary's desire was, and possibly his expectation, that if it should come back, whether in garbled form or not, that the papers would have sufficient regard for the interests of their country not to publish it until the authorized statement by the department was given out. That would be my impression.

Mr. CLARK. That was, of course, his idea, although I think it was generally agreed that we could not control it.

Mr. GARRETT. He also said that he thought another reason was that it was a courtesy due to the foreign governments that they should receive the message before it was published here, and it was desired that full time should elapse.

Mr. CLARK. That point may have been raised?

Mr. GARRETT. You do not recall that?

Mr. CLARK. No; but I was under the impression that all the conversation was on the assumption that the governments had received it, and all the governments would have received this note before it was given out in the morning.

Mr. GARRETT. If you did get such an impression as that, you said nothing about that in your note to your paper?

Mr. CLARK. No, sir.

Mr. GARRETT. The only reason you assigned in your note which you sent to your paper was that he would not give it out because of its possible effect on the stock market?

Mr. CLARK. I raised the question of the market.

Mr. GARRETT. You asked that question?

Mr. CLARK. I asked him if he could not tell us anything about it to save the afternoon papers; if the afternoon papers could not make some kind of an item about the note—say something about it—and he said he did not want the afternoon papers to publish anything about it. He did not want it public until after the close of the stock market.

Mr. GARRETT. Was any question asked him with respect to the stock market, or did he volunteer that statement?

Mr. CLARK. That was in response to a question.

Mr. GARRETT. Did you mention the stock market in your question?

Mr. CLARK. No, sir. Well, I did not mention—no, I was urging him to let us have something for the afternoon papers, and his reason for withholding it until 5 o'clock was to keep it beyond the time of the stock market. He said that. He himself said that; that he should hold it until 5 o'clock, because he did not want it to be published until after the close of the stock market.

Mr. GARRETT. Are you quite positive that the Secretary made any suggestion on account of its possible influence on the stock market?

Mr. CLARK. I do not understand it was a suggestion. It was a sort of a reply to a question as to why we could not have it. That was one of the explanations as to why we could not get it.

Mr. GARRETT. You are quite positive, are you, that the suggestion of the stock market came from the Secretary?

Mr. CLARK. Yes, sir.

Mr. GARRETT. You are aware that he himself said that the stock market did not enter his head?

Mr. CLARK. No, sir; when I was speaking I was not aware of that, but it does not change my statement.

Mr. GARRETT. I was just wondering as to whether that was a volunteered statement of the Secretary or whether it was a suggestion by an inquirer in the room, which he might or might not have heard.

Mr. CLARK. I really do not believe—well, I will not volunteer anything.

Mr. GARRETT. All right.

The CHAIRMAN. You are excused.

TESTIMONY OF MR. LEROY T. VERNON.

(The witness was sworn by the chairman.)

Mr. BENNET. Mr. Vernon, what newspapers do you represent?

Mr. VERNON. The Chicago Daily News and, with the written permission of the Daily News, I have a secondary connection with the New York Evening Post.

Mr. BENNET. So you represent, for some purposes, both the Chicago Daily News and the New York Evening Post?

Mr. VERNON. I represent the Chicago Daily News, primarily, and I give what service I can, consistently with my other duties, to the New York Evening Post.

Mr. BENNET. Outside of those two newspapers, do you represent any other interest, or have you any other business connection here in Washington?

Mr. VERNON. I have no connection of any kind with any other interest.

Mr. BENNET. Do you furnish any information to any brokerage house, for which you do not receive any direct compensation?

Mr. VERNON. I do not.

Mr. BENNET. Do you furnish information to any stock brokerage house, or to any other business enterprise, for which you receive any additional compensation from your paper?

Mr. VERNON. None, whatever, sir.

Mr. BENNET. I take it that you are one of those who were present at 11 o'clock on the morning of December 20 at the interview with Secretary Lansing?

Mr. VERNON. I was not. I usually do attend those conferences, but that morning I was absent.

Mr. BENNET. Was what is reported to have been the substance of that interview subsequently reported to you by anybody else, prior to 5 o'clock in the afternoon of December 20?

Mr. VERNON. Yes; I usually attend those conferences, but that morning, after going to the White House at 10 o'clock, I returned to my office, and did not get back in time to hear Mr. Lansing's statement; but my recollection is that while crossing the White House yard, on my way back, I met some newspaper man, who told me that Mr. Lansing had stated that a note would be given out at 4 o'clock that afternoon, for release the next morning, and my recollection is that I asked him, or he may have stated, that it had nothing to do

with peace. The whole conversation was in passing, and I do not recall now who that was.

Mr. BENNET. Did you send any message based on that information?

Mr. VERNON. I did not. I am frank to say, however, that if I had been present and had heard what Mr. Lansing said, to get a clear conception of it, I would have wired my office in confidence exactly what he said, as nearly as I could remember. I think that duty was imposed on every man who attended that conference.

Mr. BENNET. But you were not there, and did not hear it?

Mr. VERNON. I was not, and therefore did not hear it.

Mr. BENNET. Did you lunch at the Press Club that day?

Mr. VERNON. I did not.

Mr. BENNET. I think you have stated——

Mr. VERNON (interposing). I do not think I mentioned the matter again until 4 o'clock in the afternoon, when I said to my assistant, "I understand a note is being given out at the White House, and if you have time I wish you would go over and get a copy of it."

Mr. BENNET. Do you know Mr. Essary?

Mr. VERNON. I do.

Mr. BENNET. Did you have any conversation with him on that day on the subject of the note?

Mr. VERNON. No.

Mr. BENNET. Do you know Mr. Price?

Mr. VERNON. I do.

Mr. BENNET. Did you have any conversation with Mr. Price on that day in reference to the note?

Mr. VERNON. I did not.

Mr. BENNET. Were you in the press room at the White House that day?

Mr. VERNON. Yes, sir; at 10 o'clock; and my recollection is that after I met my colleague in the yard, who told me of the note, I again went into the White House, and went into Mr. Tumulty's office, but he was not there, and I asked Mr. Brahany or Mr. Foster if anything had happened, and they said "No."

Mr. BENNET. Did you mention the subject matter?

Mr. VERNON. No; I did not. If there is any information on a subject so close to the President, I always ask Mr. Tumulty or go to the State Department.

Mr. BENNET. You had no conference with Mr. Tumulty at all that day?

Mr. VERNON. I did not. He was not in the office. That is my recollection. I passed in and out again.

Mr. BENNET. Is there anything you want to say, about which I have not asked you?

Mr. VERNON. Not in connection with this, but merely as a member of the standing committee, I want to reiterate Mr. Godwin's suggestion of the other night, that our committee will be only too glad to cooperate with the Rules Committee at any time in any action that may be necessary or desired, and in that connection I would also like to clarify the situation in which the standing committee now finds itself.

Mr. GARRETT. That is, the standing committee of the press?

Mr. VERNON. The standing committee of Washington correspondents in the press gallery. That committee, as you gentlemen know, but as many other people outside of Washington and some in Washington do not seem to know, exercises a power delegated by the Speaker of the House and by the Rules Committee of the Senate, the power being contained wholly in the rule of the Senate or of the House; and it has no other authority. There has been a good deal of suggestion about what the committee could or could not do, but we endeavor to exercise those powers in accordance with the rules, and not to exceed our authority and, in fact, have no other authority; and, in that connection, we always cooperate with the Speaker and with the Rules Committee, and the Speaker has been officially advised of our willingness to meet with you gentlemen at any time you may desire us; and I wanted, as I said before, to say what Mr. Godwin has already so well said—that we will be pleased to meet with you at any time you may desire.

Mr. POW. For the purpose of bringing about more wholesome conditions?

Mr. VERNON. Exactly. We are helpless in this matter until this Rules Committee acts.

Mr. BENNET. I gather from that that you think a newspaper man should not represent other interests, as long as he has the privileges of the press gallery?

Mr. VERNON. Mr. Bennet, that raises a very broad question—a question which we of the committee would desire to take up with this committee. There are many, many angles to it. The rule under which we operate vests a very wide discussion. Just to illustrate my point, there are legitimate newspaper men who sometimes come to this town with a newspaper employment in the press gallery which is comparatively small. Their income is not sufficient to live upon. They are legitimate newspaper men; they desire to come here and build themselves up, and, in order to make a living, they sometimes have to do something outside; but that does not very often happen, and I think it has been the spirit of the committee to be liberal in the application of the rule, but to make certain in each instance that the main source of income of that man was from newspaper connections. That is only one of the questions on which we would like the judgment of this committee.

Mr. CHIPERFIELD. May I ask a question here?

The CHAIRMAN. Yes.

Mr. CHIPERFIELD. Mr. Vernon, from my long years of acquaintance with you, I have no question whatever but that you and your association would frown upon any kind of employment that would be antagonistic to the duty and to the confidence that is reposed in you men as newspaper men. That would be frowned upon would it not, without any kind of question?

Mr. VERNON. I do not think so.

Mr. CHIPERFIELD. In other words, if I have not made myself quite clear, certainly it would be disapproved that newspaper men should use any of the confidences which they acquire as newspaper men to aid any man in trading upon a stock exchange?

Mr. VERNON. There is no question about that.

Mr. CHIPERFIELD. Or that might have the effect of breaking or stimulating the market—that would unquestionably be discountenanced?

Mr. VERNON. Oh, yes. The standing committee has already expressed itself on that.

Mr. LENROTT. This colleague of yours whom you met in the White House yard, he simply told you that there was to be a note released at 4 o'clock?

Mr. VERNON. Yes; for publication the following morning.

Mr. LENROTT. Did you understand from him that that communication, in itself, was confidential?

Mr. VERNON. Absolutely; and he so stated to me, as I recall it.

The CHAIRMAN. Are there any further question? [No response.] You are excused. Who is the next witness?

Mr. WHIPPLE. Mr. Boeckel.

TESTIMONY OF MR. RICHARD M. BOECKEL.

(The witness was sworn by the chairman.)

Mr. BENNET. With what newspaper or association are you connected?

Mr. BOECKEL. With the International News Service.

Mr. BENNET. Were you present at the White House on the morning of December 20, at this interview with Secretary Lansing?

Mr. BOECKEL. I was present at the State Department conference. You said "White House."

Mr. BENNET. Yes; that was my error. Have you been present here this afternoon and heard the testimony of the other witnesses in response to my questions?

Mr. BOECKEL. I was present a few moments this morning, but I did not hear the full testimony of any witnesses.

Mr. BENNET. In order to save time, the general description that was given of the conference was that Secretary Lansing, in a rather brief conference, said that a note would be issued at 5 o'clock; that the matter was confidential; that he was afraid it might come back from foreign countries in garbled form, and that it was not an offer of peace or mediation. Is that substantially your recollection of it?

Mr. BOECKEL. Yes, sir; that is substantially my recollection.

Mr. BENNET. Do you wish to add anything to that description of the interview?

Mr. BOECKEL. No, I do not think so; nothing.

Mr. BENNET. After the interview, where did you go?

Mr. BOECKEL. I went to the Navy press room.

Mr. BENNET. Was there anyone present in the Navy press room other than men who had been at the interview?

Mr. BOECKEL. I think not.

Mr. BENNET. What is your best recollection?

Mr. BOECKEL. My best recollection is that there were not any.

Mr. BENNET. Did you take lunch at the Press Club that day?

Mr. BOECKEL. No. I think that was a busy day, and I grabbed lunch at a dairy lunch.

Mr. BENNET. Did you send a message to your press association?

Mr. BOECKEL. No; Mr. Godwin was handling that story, and I sent no message about it.

Mr. BENNET. Did you send a message to anybody about it?

Mr. BOECKEL. No; to no one.

Mr. BENNET. Do you represent any newspaper, other than the press association you have mentioned?

Mr. BOECKEL. Only the International News Service.

Mr. BENNET. Do you have any other employment other than that with the International News Service?

Mr. BOECKEL. No other employment.

Mr. BENNET. Do you furnish any information to brokers, for which you are or are not paid?

Mr. BOECKEL. No.

Mr. BENNET. Did you discuss the subject matter of the note with any person, other than the persons who were present at the conference?

Mr. BOECKEL. No; no one else.

Mr. BENNET. Do you know Mr. Fred Essary?

Mr. BOECKEL. No; I am not acquainted with Mr. Essary.

Mr. BENNET. Do you know Mr. W. W. Price?

Mr. BOECKEL. Yes.

Mr. BENNET. Did you discuss the matter of the note with him that day?

Mr. BOECKEL. No; I did not see him that day.

Mr. BENNET. Were you in the press room at the White House that day?

Mr. BOECKEL. No.

Mr. BENNET. Are you quite sure about that?

Mr. BOECKEL. Yes, quite sure. In fact, I did not leave the building, except for lunch, until 6 o'clock.

Mr. BENNET. And when you say "the building" you mean the State, War, and Navy Building?

Mr. BOECKEL. Yes.

Mr. BENNET. That is where you are assigned?

Mr. BOECKEL. Yes.

Mr. BENNET. And, naturally, you did not see Secretary Tumulty at any time that day?

Mr. BOECKEL. No.

Mr. BENNET. That is all.

The CHAIRMAN. You are excused. Who is the next witness?

Mr. PROCTOR. That completes the newspaper correspondents.

Mr. WORTHINGTON. There are several brokers here.

The CHAIRMAN. Do you wish to go ahead with the brokers, or with the printers?

Mr. WORTHINGTON. The brokers.

The CHAIRMAN. Very well. Mr. Thompson.

Mr. PROCTOR. Mr. Moorhead is here.

TESTIMONY OF MR. JOHN UPSHUR MOORHEAD.

(The witness was sworn by the chairman.)

Mr. LENROOT. What is your full name?

Mr. MOOREHEAD. John Upshur Moorehead.

Mr. LENROOT. Where do you reside?

Mr. MOORHEAD. 729 Fifteenth Street.

Mr. LENROOT. How long have you resided in Washington?

Mr. MOORHEAD. Twenty-eight years.

Mr. LENROOT. What is your business?

Mr. MOORHEAD. Broker.

Mr. LENROOT. For yourself, or with a firm?

Mr. MOORHEAD. The firm of Flather, Moorhead & Elmore.

Mr. LENROOT. Will you give me the names of the members of your firm?

Mr. MOORHEAD. Henry H. Flather and A. Robert Elmore.

Mr. LENROOT. They are both residents of Washington?

Mr. MOORHEAD. Yes.

Mr. LENROOT. How long has that firm been doing business in Washington?

Mr. MOORHEAD. Since a year ago last November.

Mr. LENROOT. Were you in the brokerage business prior to that time?

Mr. MOORHEAD. Yes.

Mr. LENROOT. What was the firm then?

Mr. MOORHEAD. I was branch manager for James B. Colgate & Co.

Mr. LENROOT. Are you the active manager of your concern?

Mr. MOORHEAD. We are all about the same.

Mr. LENROOT. They all take an active part in the business?

Mr. MOORHEAD. Yes; all of the partners take an active part.

Mr. LENROOT. Is the work divided among you, or is it general among all of you?

Mr. MOORHEAD. Mr. Flather and I look after the stock department and Mr. Elmore after the bond department.

Mr. LENROOT. And both you and Mr. Flather meet customers?

Mr. MOORHEAD. Yes.

Mr. LENROOT. And look after their business for them?

Mr. MOORHEAD. Yes.

Mr. LENROOT. How large an establishment have you?

Mr. MOORHEAD. I do not quite understand.

Mr. LENROOT. How much of an establishment have you?

Mr. MOORHEAD. Do you mean the number of employees?

Mr. LENROOT. Yes.

Mr. MOORHEAD. There are about 15 of us, including the 3 members of the firm.

Mr. LENROOT. You have telegraph operators?

Mr. MOORHEAD. One.

Mr. LENROOT. Just one?

Mr. MOORHEAD. Yes. Two wires.

Mr. LENROOT. What is that?

Mr. MOORHEAD. Two wires.

Mr. LENROOT. Two wires?

Mr. MOORHEAD. Yes.

Mr. LENROOT. Are both of them direct wires?

Mr. MOORHEAD. Direct wires to New York.

Mr. LENROOT. Direct wires to New York?

Mr. MOORHEAD. Yes.

Mr. LENROOT. You are not on any circuit?

Mr. MOORHEAD. Well——

Mr. LENROOT (interposing). Is one of them a southern wire?

Mr. MOORHEAD. Yes; the Post & Flagg wire is a wire to Norfolk, with an office in Baltimore on the same wire.

Mr. LENROOT. You have an office in Baltimore?

Mr. MOORHEAD. We have not, no; but another firm.

Mr. LENROOT. There is another firm in Baltimore on that wire?

Mr. MOORHEAD. Yes.

Mr. LENROOT. You have a New York connection, do you?

Mr. MOORHEAD. Messrs. Hornblower & Weeks and Post & Flagg.

Mr. LENROOT. Of New York?

Mr. MOORHEAD. Yes.

Mr. LENROOT. Those are your only connections in New York?

Mr. MOORHEAD. We have Messrs. A. B. Leach & Co., a bond house, also.

Mr. LENROOT. Do you give information to your New York houses concerning current events?

Mr. MOORHEAD. If we happened to get any, we would.

Mr. LENROOT. Do you happen to get some, occasionally?

Mr. MOORHEAD. No. We have found that we get our information much quicker through Dow, Jones & Co. We do not even try to get any information here in Washington. If it came to us, we would be glad to take it.

Mr. LENROOT. Do you sometimes receive inquiries from your New York connections for information?

Mr. MOORHEAD. Why, we have received inquiries; yes, sir.

Mr. LENROOT. And what response do you make? Do you then make inquiry?

Mr. MOORHEAD. We have usually said that we have found in times past that we get our information much quicker from New York than we can possibly get it down here.

Mr. LENROOT. Supposing the information is here?

Mr. MOORHEAD. Dow, Jones & Co. have so much better facilities for getting information from Washington than we have, that we depend entirely upon Dow, Jones & Co. for our information.

Mr. LENROOT. I understand, then, you have no one in Washington to whom you look for information?

Mr. MOORHEAD. No one at all.

Mr. LENROOT. And you have no one connected with you in any way for that purpose?

Mr. MOORHEAD. No, sir.

Mr. LENROOT. If you should have an inquiry from New York, for instance, concerning any matter of public importance occurring here, do I understand you would phone to Dow, Jones & Co.'s office here?

Mr. MOORHEAD. No, sir.

Mr. LENROOT. You would not even do that?

Mr. MOORHEAD. No.

Mr. LENROOT. You would simply rely on them to furnish the information direct from New York?

Mr. MOORHEAD. Yes.

Mr. LENROOT. When did you first have any information or intimation concerning this alleged peace note on the 20th of December, or prior thereto?

Mr. MOORHEAD. The first information we had came in a bulletin from Dow, Jones & Co. that afternoon.

Mr. LENROOT. And at what time?

Mr. MOORHEAD. I imagine it was about 5 o'clock or thereabouts.

Mr. LENROOT. Five o'clock?

Mr. MOORHEAD. I do not really remember what time it was. It was some time in the afternoon. It was a regular Dow-Jones bulletin that came on the wire.

Mr. LENROOT. And that was the first intimation you had of it during that day?

Mr. MOORHEAD. The very first.

Mr. LENROOT. You had heard nothing of it in your office before that?

Mr. MOORHEAD. Not a word.

Mr. LENROOT. And had received no inquiries about it?

Mr. MOORHEAD. No inquiries.

Mr. LENROOT. Did you send any telegrams on that day to your New York office, or to other parties, with reference to this matter?

Mr. MOORHEAD. No, sir.

Mr. LENROOT. How large a list of customers have you, Mr. Moorhead?

Mr. MOORHEAD. You mean customers with open accounts or people that we have been dealing with?

Mr. LENROOT. I will say take the open accounts first.

Mr. MOORHEAD. I could not say offhand. I should say 200 or 300 open accounts.

Mr. LENROOT. Two or three hundred open accounts?

Mr. MOORHEAD. I would not like to be definite without referring to the list.

Mr. LENROOT. Then I take it you have a large list of customers that make a transaction and close it up?

Mr. MOORHEAD. Oh, yes; we have.

Mr. LENROOT. But who, at the same time, are considered as regular clients?

Mr. MOORHEAD. People with whom we have done business, and who are on our lists.

Mr. LENROOT. Yes. Do you keep the accounts of all your transactions here?

Mr. MOORHEAD. Oh, yes.

Mr. LENROOT. You are an independent concern?

Mr. MOORHEAD. Yes. We simply have the one account in New York.

Mr. LENROOT. You are a member of the New York Stock Exchange?

Mr. MOORHEAD. Yes.

Mr. LENROOT. And have you complied with the request of the governing board of the New York Stock Exchange, with reference to certain information desired?

Mr. MOORHEAD. Yes.

Mr. LENROOT. That has been sent on to New York?

Mr. MOORHEAD. Yes.

Mr. LENROOT. Have you sent on a list of your customers?

Mr. MOORHEAD. Yes, sir.

Mr. WORTHINGTON. I think I might say we have all the telegrams covering that period—the only ones that might have any bearing on that matter at all [handing papers to Mr. Lenroot].

Mr. LENROOT. The statements that you have sent will show the condition of your transactions at the end of each day, so that I need not inquire?

Mr. MOORHEAD. The ones we sent to the exchange, you mean?

Mr. LENROOT. Yes.

Mr. MOORHEAD. Yes, sir; it covers everything they asked for in their circular letter.

Mr. LENROOT. I think that is all.

The CHAIRMAN. Are there any other questions?

Mr. LENROOT. There is nothing in these telegrams that you discovered?

Mr. WORTHINGTON. No.

The CHAIRMAN. You are excused, Mr. Moorhead. Who is the next witness?

Mr. WORTHINGTON. Mr. Thompson.

TESTIMONY OF MR. EUGENE E. THOMPSON.

(The witness was sworn by the chairman.)

Mr. LENROOT. What is your name?

Mr. THOMPSON. Eugene E. Thompson.

Mr. LENROOT. And what is your business?

Mr. THOMPSON. I am a member of the firm of Crane, Parris & Co.

Mr. LENROOT. You are a resident of the city of Washington?

Mr. THOMPSON. I am.

Mr. LENROOT. How long have you been a resident of Washington?

Mr. THOMPSON. About 35 years.

Mr. LENROOT. The firm of Crane, Parris & Co. is a local concern?

Mr. THOMPSON. It is.

Mr. LENROOT. Who are the members of that concern?

Mr. THOMPSON. Mr. George Hewitt Myers, Mr. William J. Boothe, and myself.

Mr. LENROOT. All residents of the city of Washington?

Mr. THOMPSON. Mr. Boothe is a resident of Alexandria.

Mr. LENROOT. How long has this firm been in business here in Washington?

Mr. THOMPSON. As at present constituted?

Mr. LENROOT. Yes, first.

Mr. THOMPSON. Since October 1, last.

Mr. LENROOT. And prior to that?

Mr. THOMPSON. Since 1883.

Mr. LENROOT. Under what name?

Mr. THOMPSON. Crane, Parris & Co.

Mr. LENROOT. The same name?

Mr. THOMPSON. Yes; the same name.

Mr. LENROOT. How large a force have you in your office?

Mr. THOMPSON. We have 8 or 10 people; yes, I think we have 9 employees.

Mr. LENROOT. Are the members of the firm all actively engaged in the business?

Mr. THOMPSON. Mr. Myers is not.

Mr. LENROOT. How is the work divided among the members who are active?

Mr. THOMPSON. Mr. Boothe generally looks after the orders handled through the New York Stock Exchange and also after the correspondence to a large extent, and I devote myself to the bond business and the local exchange and help out in a general way.

Mr. LENROOT. You are rather the one who looks after market conditions, generally?

Mr. THOMPSON. I would have supervision over it; yes, sir.

Mr. LENROOT. You have a private wire to New York?

Mr. THOMPSON. It is not our wire, but we are on the wire of Potter, Choate & Prentice.

Mr. LENROOT. Is that a New York Stock Exchange house?

Mr. THOMPSON. Yes, a New York Stock Exchange house.

Mr. LENROOT. Are you a member of the exchange?

Mr. THOMPSON. Not of the New York Stock Exchange.

Mr. LENROOT. Is any member of your firm a member of the New York Stock Exchange?

Mr. THOMPSON. No, sir.

Mr. LENROOT. You have telegraph operators—one or more?

Mr. THOMPSON. We have one operator, and I happen to be a telegraph operator myself.

Mr. LENROOT. Do you give information to your New York house concerning public events?

Mr. THOMPSON. We have done so, if they have asked us, or if we should happen to know of anything.

Mr. LENROOT. What means do you have for securing that information?

Mr. THOMPSON. I happen to have a personal acquaintance with Mr. Price; and, if I may be allowed to explain——

Mr. LENROOT (interposing). Yes, go ahead.

Mr. THOMPSON. On the 20th of December, as near as I can place the time, it was about somewhere between half past 1 and 2 o'clock, I was asked by our New York house what I had heard, that the market was quite weak; and I called up Mr. Price on the telephone and asked him if there was any news, and he stated to me that the Secretary or the State Department would issue a statement that afternoon bearing on the foreign situation. He did not tell me what it was, and I did not know. I gave the matter no further concern, except to send it over to our New York correspondents in reply to their inquiry.

Mr. LENROOT. Have you that here?

Mr. THOMPSON. I have a copy of the message. I did not have it, but I got it from our New York correspondents.

Mr. LENROOT. Will you please produce that?

(Paper handed to Mr. Lenroot by Mr. Thompson.)

Mr. LENROOT. This telegram reads: "December 20, 1916. McAllister"—he is a member of the New York house?

Mr. THOMPSON. He is in charge of the sales department.

Mr. LENROOT (reading):

The State Department is going to give out a statement late this afternoon bearing on the foreign situation. Post Osgood, Roper, and Taylor.

Just explain that, please?

Mr. THOMPSON. That is, inform Osgood, Roper, and Taylor.

Mr. LENROOT. Who are they?

Mr. THOMPSON. Mr. Osgood is connected with the First Trust & Savings Bank of Chicago. Potter, Choate & Prentice have a private wire to their office in Chicago; and Mr. Roper is in charge of the bond department of Brown Bros. & Co., New York City. Mr. Taylor is connected with the firm of Whitehead & Co.

Mr. LENROOT. What is that firm?

Mr. THOMPSON. An investment house in New York City.

Mr. LENROOT. Have you relations with all of these different firms?

Mr. THOMPSON. The last one is an entirely friendly relation, and the other two we do business with.

Mr. LENROOT. This was sent, but it does not show the hour. Do you remember when it was sent?

Mr. THOMPSON. As near as I can recall, it was just a few minutes after 2 o'clock. That is as near as I can place it, because it was some time after I came back from lunch that I had the inquiry, and I do not pay particular attention to the stock market. We do not do a marginal business, in the general sense in which other houses do, and we, therefore, are not as closely interested as to whether the market immediately goes up or goes down, as others may be.

Mr. LENROOT. You did not preserve the inquiry you received from New York?

Mr. THOMPSON. It was nothing, except it mentioned "the market is quite weak. What do you hear"?—and I do not know that it was even a message. Of course, it was a message, but not a telegram; just a question over the wire.

Mr. LENROOT. That was the first intimation that you had that there was anything here——

Mr. THOMPSON (interposing). Absolutely the first information.

Mr. LENROOT. And that was shortly after lunch?

Mr. THOMPSON. Yes.

Mr. LENROOT. And you immediately called up Mr. Price?

Mr. THOMPSON. Yes.

Mr. LENROOT. And did you hear anything further concerning the matter during that day?

Mr. THOMPSON. Nothing whatever. I gave it no further concern. I had even forgotten that I sent the message, and had I testified before the committee when I was here before—I have been here several times—I should have said that I did not even send the message, because it had passed out of my mind entirely; but I was in New York, and I spoke to Mr. McAllister, and I said, "Are you sure you have no message?" because he had told me before that they had nothing; and he looked through his files and discovered this, and I said "Let me have a copy of it, because the committee will probably want it."

Mr. LENROOT. Just explain a little more fully your relations with Mr. Price.

Mr. THOMPSON. Mr. Price and I have been friends for a good many years—I should say, possibly, 15 years or more—and I have nothing at all except a friendly relation with him. He told me on several occasions that if there was anything he could do for me in the way of giving me any information he had, to call him up, and I have called him before, I suppose, possibly, two or three times in the past 90 days or more—yes, longer than that. I did not feel free to call him, or perhaps I would have called him oftener—only to get for our New York people information which they had asked me for from time to time, which did not concern us directly.

Mr. LENROOT. It was entirely a friendly relationship?

Mr. THOMPSON. Absolutely.

Mr. LENROOT. And no matter of compensation was involved between you and him?

Mr. THOMPSON. No, sir.

Mr. LENROOT. Did you say whether your firm are members of the New York Stock Exchange?

Mr. THOMPSON. Not of the New York Exchange.

Mr. LENROOT. And you say that you do not deal on margin accounts?

Mr. THOMPSON. We have a few open accounts; but we do not consider them in the class of marginal accounts, in the general sense in which you would term marginal business. We used to transact marginal business, but we have been gradually getting out of it, and to-day we practically have no accounts that we would put in the class of marginal accounts; that is to say, actively trading on margin. We have some few open accounts where the securities have not been paid for, and I should say with respect to those accounts that in the entire month of December there were not 500 shares of stock traded in during the whole month.

Mr. LENROOT. That includes all transactions where the stock was not fully paid for?

Mr. THOMPSON. Right.

Mr. LENROOT. By your clients?

Mr. THOMPSON. Yes, sir.

Mr. LENROOT. I might ask you generally, so as to avoid the necessity of your giving us those names, whether, as to those marginal accounts, any Government official is included—and that would include Members of Congress?

Mr. THOMPSON. No, sir; absolutely not. I have exhibited to one of the counsel a statement of just what was done, and my books are open to inspection by the committee at any time.

Mr. LENROOT. I think it is not necessary to have him give us those names?

The CHAIRMAN. Apparently not. You are excused, Mr. Thompson.

Mr. WORTHINGTON. Mr. Brown.

TESTIMONY OF MR. HERBERT H. BROWN.

(The witness was sworn by the chairman.)

Mr. LENROOT. What is your name.

Mr. BROWN. Herbert H. Brown.

Mr. LENROOT. Where do you reside?

Mr. BROWN. Washington, D. C.

Mr. LENROOT. What is your business?

Mr. BROWN. What is that?

Mr. LENROOT. What is your business?

Mr. BROWN. Manager of N. L. Carpenter & Co.

Mr. LENROOT. N. L. Carpenter & Co.?

Mr. BROWN. Yes; New York.

Mr. LENROOT. Stock brokers?

Mr. BROWN. Yes, sir.

Mr. LENROOT. Who is N. L. Carpenter & Co.?

Mr. BROWN. Do you mean who compose the firm?

Mr. LENROOT. Are they a Washington firm?

Mr. BROWN. No, sir; they are not. They are a New York firm.

Mr. LENROOT. A New York firm?

Mr. BROWN. Yes.

Mr. LENROOT. Who does compose it?

Mr. BROWN. N. L. Carpenter, J. N. Carpenter, Edward E. Clark, and John Clark.

Mr. LENROOT. And you are the Washington representative of that concern?

Mr. BROWN. Yes.

Mr. LENROOT. Do you have an office here?

Mr. BROWN. Yes.

Mr. LENROOT. How large an establishment? How many employees?

Mr. BROWN. Six.

Mr. LENROOT. Do you have a private wire?

Mr. BROWN. Yes.

Mr. LENROOT. Between Washington and New York?

Mr. BROWN. Yes.

Mr. LENROOT. More than one?

Mr. BROWN. No, sir; only one.

Mr. LENROOT. Have you telegraph operators?

Mr. BROWN. We just use our own wire.

Mr. LENROOT. Your own wire?

Mr. BROWN. Yes.

Mr. LENROOT. It is not on any circuit?

Mr. BROWN. No, sir.

Mr. LENROOT. You have one or more telegraph operators?

Mr. BROWN. Only one.

Mr. LENROOT. You are the active head of the Washington branch?

Mr. BROWN. Yes.

Mr. LENROOT. And you are familiar with all of its transactions?

Mr. BROWN. Yes.

Mr. LENROOT. I will ask you are you in the habit of giving to your New York house information on public events transpiring here in Washington?

Mr. BROWN. No, sir. We generally get those from New York before we get them here.

Mr. LENROOT. Events transpiring here?

Mr. BROWN. Yes.

Mr. LENROOT. Do you sometimes receive inquiries from your house for information concerning those events transpiring here?

Mr. BROWN. Yes, occasionally, when there is a rumor or something of that sort, but generally speaking, Dow, Jones & Co. gives us the information before we get it here.

Mr. LENROOT. When you receive such inquiries, do you respond to them?

Mr. BROWN. If I can.

Mr. LENROOT. Do you attempt to secure the information requested?

Mr. BROWN. Yes, if I can.

Mr. LENROOT. How do you do that?

Mr. BROWN. Just by inquiry. I generally go to the Times. The Washington Times is generally informed about those things as quickly as anybody else, through the press association.

Mr. LENROOT. You have no regular channel of communication for such information?

Mr. BROWN. None whatever.

Mr. LENROOT. And no one is compensated by you for any information that you receive?

Mr. BROWN. No, sir.

Mr. LENROOT. When did you first hear on or before the 20th of December of this alleged peace note?

Mr. BROWN. To the best of my recollection, it was a telegram from the Dow, Jones & Co. news agency.

Mr. LENROOT. About what time?

Mr. BROWN. I do not know. I think it was after the close of the market on the 20th.

Mr. LENROOT. After the close of the market?

Mr. BROWN. I think so, yes.

Mr. LENROOT. You had heard nothing whatever up to that time?

Mr. BROWN. Nothing whatever, in any way, shape, or form; no.

Mr. LENROOT. You have a customers' room in your office?

Mr. BROWN. Yes.

Mr. LENROOT. Are a large number of customers usually in that room during the day, when the market is open?

Mr. BROWN. Yes; a pretty good crowd, generally.

Mr. LENROOT. And you heard no gossip or rumors during the day in your office concerning this matter?

Mr. BROWN. No, sir; I did not.

Mr. LENROOT. And you had no information of any kind until after the close of the market?

Mr. BROWN. That is my recollection; that the Dow, Jones & Co. message, whenever that was received, was the first information.

Mr. LENROOT. That was sent out, I will say, at 2.05 p. m. from New York. I do not know whether that refreshes your recollection or not.

Mr. BROWN. Yes; it might have been about that time.

Mr. LENROOT. After that, what was your next information concerning this matter? Did you then make inquiry?

Mr. BROWN. The next information that I recall was in the papers the next morning.

Mr. LENROOT. Nothing more occurring that day except that one telegram?

Mr. BROWN. That is all.

Mr. LENROOT. And you had received no telegrams from your house except this Dow-Jones ticker during the day?

Mr. BROWN. No, sir; I looked over the wires, when a Mr. Brown, when Mr. Whipple first came down here, asked me to look over and save out any messages I could find on the wire. I could find nothing whatever, in any way, shape, or form, pertaining to it, and I even went further and asked the firm in New York, and told them that I had been requested to furnish any message I had sent from here, and that I could find no record of any, and asked them if they would look over their tell-tale and see if there was any message, and I got this message in reply to my request [handing paper to Mr. Lenroot].

Mr. LENROOT. This telegram reads:

We can give all messages from Washington covering those dates, but there is positively nothing in them.

Mr. BROWN. Yes. Mr. Brown said from the 15th to the 22d, is my recollection.

Mr. LENROOT. "As you may swear under oath."

Mr. BROWN. Yes, sir.

Mr. LENROOT. Your house does a marginal transaction business?

Mr. BROWN. Yes, sir.

Mr. LENROOT. How large a list of customers have you here in Washington, approximately?

Mr. BROWN. I would imagine about 200 accounts; between 175 and 200.

Mr. LENROOT. Do you keep book accounts of all transactions?

Mr. BROWN. None whatever.

Mr. LENROOT. They are kept in New York?

Mr. BROWN. Yes.

Mr. LENROOT. You merely keep memoranda from day to day?

Mr. BROWN. Yes.

Mr. LENROOT. Until they are transferred to the books in New York?

Mr. BROWN. Yes.

Mr. LENROOT. And then they are destroyed?

Mr. BROWN. Yes.

Mr. LENROOT. But your list of customers you keep here?

Mr. BROWN. Yes.

Mr. LENROOT. Have you been called upon by your house to furnish to the New York office that list of customers? Do they have that list in New York?

Mr. BROWN. Yes, sir. They have all the records.

Mr. LENROOT. Do they have a separate list there of customers of your branch, or would they be all together, with the entire list?

Mr. BROWN. Really, I do not know. I suppose it would be in the regular general ledger. I do not know.

Mr. LENROOT. It might convenience the committee very greatly if you could furnish the list that you have here, for their private inspection.

Mr. BROWN. Very well.

Mr. LENROOT. Are you willing to do that?

Mr. BROWN. I suppose so. I do not know of any reason why they should not. They said all their records were open to you—whatever you wanted.

Mr. LENROOT. We merely desire that for our own inspection, to see whether there are any names about which we might wish to make further inquiry.

Mr. BROWN. Yes, sir.

Mr. LENROOT. You will furnish that list for the committee?

Mr. BROWN. Yes, sir. I will just ask the house to do that.

Mr. LENROOT. That is all I have.

The CHAIRMAN. Are there any other questions? (No response.) You are excused, Mr. Brown. Who is the next witness?

Mr. PROCTOR. Mr. Huss.

TESTIMONY OF MR. ANDREW L. HUSS.

(The witness was sworn by the chairman.)

The CHAIRMAN. Mr. Worthington, is this one of the——

Mr. WORTHINGTON (interposing). One of the printers.

Mr. PROCTOR. Mr. Huss is the gentleman who came after Mr. O'Donnoghue.

The CHAIRMAN. Mr. Whipple, if you do not care to proceed, a member of the committee will proceed for you.

Mr. WHIPPLE. Very well.

The CHAIRMAN. Mr. Bennet.

Mr. BENNET. Mr. Huss, what is your occupation in the Government Printing Office?

Mr. HUSS. I am one of the assistant foremen in the monotype section at night.

Mr. BENNET. You are located on what floor?

Mr. HUSS. On the seventh floor.

Mr. BENNET. Have you ever seen these two papers which I hand you, which are marked "James, 2" and "James, 4" [handing papers to witness]?

Mr. HUSS. No, sir; I have not.

Mr. BENNET. You do not have anything to do with the copy?

Mr. HUSS. Not with the copy; no, sir.

Mr. BENNET. You have to do with the——

Mr. HUSS (interposing). Correcting.

Mr. BENNET. With the what?

Mr. HUSS. The correcting.

Mr. BENNET. With the printing?

Mr. HUSS. The correcting.

Mr. BENNET. You handle what they call the "spools"?

Mr. HUSS. No; I do not handle the spools.

Mr. BENNET. Let us see what you do in your office. You saw these [indicating papers]?

Mr. HUSS. I saw those proofs; yes, sir.

Mr. BENNET. And were they the first matters connected with the so-called peace note that you saw in the Government Printing Office?

Mr. HUSS. No. There is a first proof that comes along, that comes right after the copy, that goes to the proof room to correct.

Mr. BENNET. Is that what is ordinarily called the "galley proof"?

Mr. HUSS. Yes; the galley proof.

Mr. BENNET. That came back to you?

Mr. HUSS. That comes to me.

Mr. BENNET. Of course, you corrected that?

Mr. HUSS. Yes.

Mr. BENNET. Then, what did you do with the galley proof?

Mr. HUSS. After the galley proof is corrected it is sent back to the proof room again for revision.

Mr. BENNET. How long did you have the galley proofs, as you recall?

Mr. HUSS. It is hard to tell. I have a record of the proofs, as corrected, and the men that handled them, and the time.

Mr. BENNET. Have you got that with you?

Mr. HUSS. Yes, sir.

Mr. BENNET. I will ask you this: You could not very well correct the galley proof without the copy, could you?

Mr. HUSS. Oh, yes. The copy remains in the proof room. That is the last of it, as far as I am concerned.

Mr. BENNET. From what do you correct the proofs?

Mr. HUSS. From the first proof. The proofs are drawn from the type—pulled from the type. The copy stays in the proof room, as far as we are concerned. We do not have anything more to do with the copy at all.

Mr. BENNET. We are, most of us, lawyers, and you will have to bear with our ignorance. In what way do you ascertain that the

proof that comes to you, which we have called the "galley proof," is the same matter that is contained in the copy?

Mr. HUSS. Well, after this matter is put in type, the copy is—there is a proof taken of that type, do you see, and the copy and this proof is sent to the proof room, and then it is read in the proof room for errors, and after it is read there, it is sent back, but the copy is retained in the proof room. We do not see the copy again.

Mr. BENNET. Who, if you know, read the proof in the proof room, together with the copies?

Mr. HUSS. The two men at the desk would read that.

Mr. BENNET. Do you know who they were?

Mr. HUSS. No. I have nothing to do with that. The foreman of the proof room has charge of all that.

Mr. BENNET. From whom did the proof come to you?

Mr. HUSS. The galley proof comes direct from the proof room, from what you might call the referee.

Mr. BENNET. Who brings it?

Mr. HUSS. It comes up through a pneumatic tube.

Mr. BENNET. So, after the printers—compositors—had put this in type, there was a proof pulled, as they call it?

Mr. HUSS. Yes; just the one proof only.

Mr. BENNET. And that proof and the copy were sent in to the proof room?

Mr. HUSS. Exactly.

Mr. BENNET. And after that first proof was corrected there, another proof came up to you through the pneumatic tube; is that right?

Mr. HUSS. No; after they correct that proof, it is proofed up again, and revised, and a clean proof taken of it.

Mr. BENNET. That is revised?

Mr. HUSS. Yes; what we call the dirty proof, and a clean proof is sent down to the revising end, to Mr. Guthridge, who has charge of the revising end.

Mr. BENNET. Your duty was to see whether the errors which had been indicated in the first proof had been corrected and revised?

Mr. HUSS. Yes.

Mr. BENNET. After you corrected or revised it, what did you do with that proof?

Mr. HUSS. When the revises came back to the proof room, I took charge of the revises until I had them all, and when I got them all, the type was ready to be made up in the form you have right in front of you now.

Mr. BENNET. The form marked "James"?

Mr. HUSS. I think that is the page proof there. When we get the clean revises—I had them all when they were finally returned—I had the laborer take the type to the make-up, and he makes it up in that form.

Mr. BENNET. You say when you got them all back?

Mr. HUSS. Yes.

Mr. BENNET. How many were there?

Mr. HUSS. I think there were six proofs of each note.

Mr. BENNET. There were two notes. Therefore, there were 12 revises?

Mr. HUSS. Yes; 12.

Mr. BENNET. What did you do with those 12 revises?

Mr. HUSS. I took the 12 revises and had the laborer take the type to our make-up, and he measured it off and put it in the form you have now.

Mr. HUSS. So, if I get it correctly, the 12 revises and the type went from you by a laborer to some one else, who divided the type up into the page forms; is that correct?

Mr. HUSS. Yes, sir.

Mr. BENNET. Who was that laborer who took those revises?

Mr. HUSS. I still held the revises; kept them until the type was made up and went to the press, for final page proof.

Mr. BENNET. After it had gone to the press for final page proof, what did you do with the 12 revises?

Mr. HUSS. Our pressman turned the revises over to me; they were proofed up in my presence, three-page proofs of each note, and I gave them to our messenger boy, and they were taken down to the proof room and given to Mr. Guthridge, who is in charge of the proof end.

Mr. BENNET. What did you do with the 12 revises?

Mr. HUSS. They are retained in the proof room. These dirty proofs are kept in the proof room.

Mr. BENNET. Then, so far as you know, those 12 revises might be down in the proof room yet?

Mr. HUSS. So far as I know; yes.

Mr. BENNET. You sent them down to the proof room?

Mr. HUSS. Yes; and that is the end of it, as far as we are concerned.

Mr. BENNET. Where did you send these [exhibiting papers]?

Mr. HUSS. Those are sent back to the reviser, the same way.

Mr. BENNET. How many copies of these were there?

Mr. HUSS. Three copies of each.

Mr. BENNET. That would be six in all of the note in the page form?

Mr. HUSS. Yes; in the page form.

Mr. BENNET. While these were in your possession, they were in a form where, if anyone had taken the time to read this not lengthy note, it could have been done, could it not?

Mr. HUSS. Not very well, I do not think. After we were through with the proving, I gave orders to my head laborer, Mr. Sheehan, to put the type in the vault. That was my order, to put the type right in the vault, and lock it up, which we do with all confidential matter that is, the type part of it. The proofs go to the proof room, and we are through with them.

Mr. BENNET. While the proof was in your possession—the dirty proof and the revises and the page proofs—in all 19 different copies of this note were accessible to those who were in the room, in complete form, were they not?

Mr. HUSS. Not altogether; no. Only just one at a time. Those proofs, as they come from the proof room, are given to different men; one man would come up and get one, and another man would get another, until they were all corrected.

Mr. BENNET. I understand, but there must have been some one man who assembled each of these notes?

Mr. HUSS. Assembled them in what way?

Mr. BENNET. In this page form.

Mr. HUSS. That is our make-up. He put the type together, and I hold all the revises until it is made up, which I did.

Mr. BENNET. You are a practical printer?

Mr. HUSS. Yes.

Mr. BENNET. The committee will have to depend largely on you. Is it your testimony that outside of yourself there was no one in your particular department that could have read this complete note except yourself?

Mr. HUSS. Not in type; not altogether.

Mr. BENNET. Not altogether?

Mr. HUSS. No, sir.

Mr. BENNET. But were there none who could have read as much as a page of it?

Mr. HUSS. Not as much as a page, because one page would take more than one proof. There are six proofs of each one of those notes, and each note made three pages, if I am not mistaken, if I remember correctly, so—see, one of those pages would make about two of the proofs.

Mr. BENNET. A proof must be the size of the original take, is it not?

Mr. HUSS. Yes, sir.

Mr. BENNET. How many men were there in your department, each of whom had a proof the same size as some one of the original takes of the note?

Mr. HUSS. I have a record of the men who corrected those proofs. I could tell by referring to that.

Mr. BENNET. Have you that there?

Mr. HUSS. Yes.

Mr. BENNET. Will you refer to that and answer that inquiry?

(Papers handed to Mr. Bennet by Mr. Huss.)

Mr. BENNET. Is this one of the regular records of the Government Printing Office?

Mr. HUSS. One of the regular record slips; yes, sir.

Mr. BENNET. Such as is made up in connection with every piece of printing?

Mr. HUSS. Yes; every piece that goes through.

Mr. BENNET. And by looking at this record, you can state what men read the particular proof?

Mr. HUSS. Yes; it gives the time they took that proof out, and the time they returned it.

Mr. BENNET. The first column, marked "Slug," that is the number of the operator?

Mr. HUSS. Yes; that represents the man.

Mr. BENNET. And the second, from 12.05, and the third, to 12.30, indicate that slug 58—

Mr. HUSS (interposing). Had that galley that long.

Mr. BENNET. From 12.05 to 12.30, which I assume is a. m.?

Mr. HUSS. Yes; 25 minutes.

Mr. BENNET. And that the proof on it was read by William E. Grimes?

Mr. HUSS. No. I put the name of the man whose slug—

Mr. BENNET (interposing). Slug 50 is William E. Grimes?

Mr. HUSS. Yes.

Mr. BENNET. Slug 36 was Albert A. Meridith?

Mr. HUSS. Yes.

Mr. BENNET. Slug 44 was Thomas J. McDonough?

Mr. HUSS. Yes.

Mr. BENNET. And slug 23 was Louis P. Sutor?

Mr. HUSS. Yes.

Mr. BENNET. As to the other note, slug 14, Charles R. Shelton had part of the manuscript from 12.15 to 12.30?

Mr. HUSS. No manuscript; part of the proof.

Mr. BENNET. That is right; had a part of the proof from 12.15 to 12.30. Slug 40, Stephen Smith, had a part of the proof from 12.20 to 12.50?

Mr. HUSS. Exactly.

Mr. BENNET. Slug 21, Hoyt A. Holton, had a part of the proof from 12.20 to 12.35. Slug 23, Louis P. Sutor, had part of the proof from 12.20 to 12.25. Slug 44, Thomas McDonough, had part of the proof from 12.20 to 12.40; and slug 41, Levi L. Dixon, had a part of the proof from 12.20 to 12.25.

Mr. HUSS. Yes.

Mr. BENNET. And that completes what your record shows of the proof?

Mr. HUSS. Up to that time; yes, sir.

Mr. BENNET. Up to that time?

Mr. HUSS. Yes.

Mr. BENNET. From that point, what was the next step?

Mr. HUSS. Well, as I stated a few moments ago, after the revises, I held the revises; they were turned over to me as they came back. Of course, they did not come back all together, but one or two at a time.

Mr. BENNET. Yes.

Mr. HUSS. When I had all the revises, I had the type, as I stated, taken to Mr. Loughran, who makes the type up into the form you have in front of you now, and then from there it goes to the proof press, and page proofs were pulled, which I think we went over.

Mr. BENNET. Yes. And when the type had been in your department long enough to make up the matter into page forms, then, of course, the next thing—you did not put the type in the vault before you ran off the message, did you?

Mr. HUSS. Oh, yes; it went into the vault, because the proof comes out.

Mr. BENNET. After you had concluded with the proofs, the type was locked up in the vault?

Mr. HUSS. Yes; locked up in the vault.

Mr. BENNET. When, if ever, did the matter come back under your direction?

Mr. HUSS. It did not come back at all as far as I was concerned.

Mr. BENNET. That concluded your connection with it?

Mr. HUSS. Yes; that concluded my connection with it entirely.

Mr. BENNET. During the time this matter was under your control or at any time before 5 o'clock on December 20, did anybody obtain or attempt to obtain any information from you as to the contents of this peace note?

Mr. HUSS. No, sir.

Mr. BENNET. If you know, what are the rules as to outsiders or visitors getting into the particular department over which you have charge?

Mr. HUSS. Well, they can not get in at all at night, unless they see the superintendent of the work; that is, Mr. McEvoy. They have to have a permit from him.

Mr. BENNET. Have you any recollection as to whether there were any visitors in your department that night?

Mr. HUSS. I do not think so. It is very rare that we ever have any visitors at night.

Mr. BENNET. Therefore, if it is very rare, it would have probably impressed itself upon you?

Mr. HUSS. Yes.

Mr. BENNET. And your best recollection is that you had no visitors at all?

Mr. HUSS. None at all.

Mr. BENNET. That is all.

Mr. POU. I did not catch your name?

Mr. HUSS. Andrew L. Huss.

Mr. POU. Mr. Huss, when did the original manuscript come down to the Printing Office?

Mr. HUSS. That is a matter that I do not know anything about. As far as the note is concerned—that is, I did not know anything about it. I judge, not until about 8.30 o'clock in the evening.

Mr. POU. On what date?

Mr. HUSS. December 19, in the evening.

Mr. POU. It was December 20 that you dealt with those proofs?

Mr. HUSS. No, sir; that was December 19; the evening of the 19th. I think it was sent to press on the 20th.

Mr. POU. After the proofs had been made, you spoke of putting the type away in a vault?

Mr. HUSS. Yes, sir.

Mr. POU. Could one person take the type and put it in the vault? It would not have taken two, would it?

Mr. HUSS. Only one person; just one person, yes.

Mr. POU. He took it there alone, so far as you know?

Mr. HUSS. From one floor to the next. The vault is on the floor below; on the sixth floor.

Mr. POU. Would there have been any opportunity for the taking of an additional proof from that type after it left the first room and while it was going to the vault?

Mr. HUSS. No; none whatever.

Mr. POU. It was put, then, in a vault, and under what sort of a lock?

Mr. HUSS. One of those big Yale locks. It is a vault built something similar to a bank vault.

Mr. POU. Fireproof?

Mr. HUSS. Fireproof.

Mr. POU. Intended to be so at any rate?

Mr. HUSS. Yes.

Mr. POU. That is all I care to ask.

Mr. HARRISON. You were the only one who saw the proof in full after it was printed?

Mr. HUSS. Yes, sir.

Mr. HARRISON. Did you read it over?

Mr. HUSS. No, sir.

Mr. HARRISON. You did not pay any attention to it?

Mr. HUSS. No; we have so much work of that kind—confidential work——

Mr. HARRISON. How many proofs were there?

Mr. HUSS. Twelve proofs in all; six of each one.

Mr. HARRISON. And all of them were put in the safe?

Mr. HUSS. Well, that goes to the proof room; it goes out of my hands. I have nothing to do with it after that.

Mr. HARRISON. You told nobody about it, of course?

Mr. HUSS. No, sir.

The CHAIRMAN. You may be excused.

TESTIMONY OF JACKSON S. ELLIOTT.

(The witness was sworn by the acting chairman.)

Mr. BENNET. Will you give your full name and address to the stenographer?

Mr. ELLIOTT. My name is Jackson S. Elliott; address, at present, Washington.

Mr. BENNET. You are the manager of the Associated Press in Washington?

Mr. ELLIOTT. Yes, sir.

Mr. BENNET. And you were on the 20th of December?

Mr. ELLIOTT. Yes, sir.

Mr. BENNET. The Associated Press man who was on duty at the interview with Secretary Lansing says that notice of that interview was sent down to the office of the Associated Press?

Mr. ELLIOTT. Yes, sir.

Mr. BENNET. What, if anything, was sent down by the Associated Press representative concerning this so-called peace note prior to 5 o'clock on the afternoon of December 20?

Mr. ELLIOTT. I brought here the record showing that exactly, if you wish it.

Mr. BENNET. Yes. Will you just turn to the record and read just what was sent out?

Mr. ELLIOTT. Yes, sir. There is nothing concerning the note itself. The fact that a confidential statement was made by Mr. Lansing was communicated to me. Shortly before 3 p. m. we received a telephone message from the State, War, and Navy Building from one of our men, saying that the United Press had a tip that the ticker service in New York had broken, or had said something about this note. We sent this message, which is what we call "ninety-five message," which means it is a rush message, to our New York office:

U. P.

meaning United Press,

here has tip Dow-Jones ticker saying something about note. U. S. to belligerents on some general subject. Quick answer be appreciated. Washington.

The telegrapher's mark on that shows it was sent at 2.48 p. m. This was phrased in this way because we had received information confidentially from the Secretary, and we sent this merely to find out whether some one or association which had been represented at

the conference had violated confidence; and therefore we made the inquiry that

U. P. here has tip Dow-Jones ticker saying something about note. U. S. to belligerents on some general subject.

The reply to that is timed 2.56. [Reading:]

Ticker says renewed selling of stocks due reports received by brokers from Washington that Administration will soon address suggestions or proposals to belligerents in regard to peace. (Signed) New York.

That is all that transpired between our offices.

Mr. BENNET. That is all that your office sent out before 5 o'clock on the afternoon of December 20 in relation to the so-called peace note?

Mr. ELLIOTT. I will have to look up to see just what time the note was placed in our hands.

Mr. BENNET. The note was not placed in your hands until 5 o'clock?

Mr. ELLIOTT. I think it was placed in our hands at 4.50, if I am not mistaken.

Mr. BENNET. Well, prior to the time the note was placed in your hands.

Mr. ELLIOTT. Nothing; no, sir. I would like to show exactly how the note was sent out.

Mr. BENNET. All right.

Mr. ELLIOTT. When we prepared this note for the wire and all of the lead matter in connection with it, we headed it as follows [reading]:

The following text of President Wilson's note to the European belligerents is for publication not before 12.05 a. m., your local time, in morning papers of Thursday, December 21.

Then

21 (1916) without further notice of release unless it is countermanded. The faith of the Associated Press is pledged against premature publication.

Which is in accord with sending out all confidential papers.

Mr. BENNET. You said in your message to New York that the U. P. had tipped off Dow-Jones. Did you have information on which you based that?

Mr. ELLIOTT. No; I beg pardon.

Mr. BENNET. Did I misquote "you"?

Mr. ELLIOTT. Yes, sir. I said that the "U. P. has a tip that Dow-Jones has used this."

Mr. BENNET. I did not hear that.

Mr. ELLIOTT. In other words, that merely means that the U. P. was a little quicker than we were in getting back from New York the fact that there was such a rumor in Wall Street.

Mr. BENNET. Did you have information as to how the U. P. had received that information?

Mr. ELLIOTT. No, sir; but I presume they had it the same way we would have it—it would be a rumor in the Street.

Mr. BENNET. Well, there must have been some reason for sending that message, but that is not entirely clear to me just why you sent that message.

Mr. ELLIOTT. Yes, sir. May I explain why?

Mr. BENNET. I wish you would.

Mr. ELLIOTT. We received confidential information——

Mr. BENNET. Yes.

Mr. ELLIOTT. We are always afraid that some one might talk about information of that sort and that, to use an expression which is used here, that it "might leak." We wanted to make certain—I may go further and say that when I was informed of this statement made by Mr. Lansing, I asked our men what they thought it was, and they took it at its face value. One man, I believe, suggested that it possibly might relate to an embargo and another man thought it might be something else. I asked who was present, and I learned that a representative of a Wall Street house was present, and that is why I sent this message, when I heard it through the United Press statement, to somebody in the State, War, and Navy Building, and I simply asked New York if they knew anything about it; but I did not tell them that we had any confidential information.

Mr. BENNET. Did I understand you correctly to say that you were told that a representative of a Wall Street house was present at the interview with Secretary Lansing?

Mr. ELLIOTT. Yes, sir.

Mr. BENNET. Who do you mean by that?

Mr. ELLIOTT. I mean Eland.

Mr. BENNET. Of the Central News?

Mr. ELLIOTT. With the Wall Street Journal, I believe, and connected with the Dow-Jones ticker.

Mr. BENNET. So you rather tried to find out whether the confidence had been broken by Dow-Jones?

Mr. ELLIOTT. I have known confidences to be broken in the past.

Mr. BENNET. In this particular instance your effort was directed along those lines, to find out whether Dow-Jones & Co. had violated the confidence which had been imposed in their representative?

Mr. ELLIOTT. I wanted to know if they had.

Mr. BENNET. Yes.

Mr. ELLIOTT. I had a purpose in that.

Mr. BENNET. Yes.

Mr. ELLIOTT. It was this: Mr. Lansing is rather new to these conferences, and for the protection of all newspaper men I had in mind cautioning him against making these statements in the presence of representatives of ticker services.

Mr. BENNET. And having that in mind you were particularly anxious to find out whether the confidence had been violated in this particular instance?

Mr. ELLIOTT. I was.

Mr. BENNET. I will just ask another question that was asked the other witness: Do you know Mr. Essary or Mr. Price?

Mr. ELLIOTT. I know them both.

Mr. BENNET. Did you discuss this matter with them on the 20th of December?

Mr. ELLIOTT. I did not see either of them.

Mr. BENNET. Were you in the press room at the White House that day?

Mr. ELLIOTT. No, sir.

Mr. BENNET. Or did you have any interview with Secretary Tumulty?

Mr. ELLIOTT. No, sir—I did, beg pardon, it was before the Lansing conference, however; it was early in the morning.

Mr. BENNET. Well, did you discuss the peace note with him at that interview?

Mr. ELLIOTT. No, sir; nor since.

Mr. BENNET. Did you discuss the subject matter of the peace note with anybody at any time on December 20, before the copy of the peace note was placed in the hands of representatives of the Associated Press?

Mr. ELLIOTT. No, sir.

Mr. GARRETT. Pardon me a moment. Did you mean that fully? You did not discuss it even with your force, before the note was in your hands?

Mr. ELLIOTT. No, sir.

Mr. GARRETT. You really knew nothing about it at all?

Mr. ELLIOTT. I accepted Mr. Lansing's statement at its face value, that it was not a peace note.

Mr. GARRETT. And you did not discuss it even with the members of your force?

Mr. ELLIOTT. I asked, as I have stated here, if they knew what this particular note was which Mr. Lansing had mentioned. They did not know.

Mr. GARRETT. And to that extent it was discussed, but no further?

Mr. ELLIOTT. Only to the extent I have mentioned.

Mr. POU (acting chairman). Mr. Whipple, it occurs to the Chair that you might care to ask this witness a question or two.

Mr. WHIPPLE. No, sir.

Mr. BENNET. Mr. Elliott, my attention has been called to the fact that I have not asked you fully about your employment. You are manager of the Associated Press?

Mr. ELLIOTT. I am superintendent of the Eastern Division of the Associated Press, with headquarters in New York, and temporarily assigned here as manager of the Washington office, in addition to my other duties.

Mr. BENNET. Are you also in the employ of any other papers but the Associated Press?

Mr. ELLIOTT. I am not.

Mr. BENNET. Do you have any other business connections, except your office with the Associated Press, which you have just described?

Mr. ELLIOTT. I have not.

Mr. HARRISON. Your organization forbids that you can represent that service and represent some brokerage house or some other concern?

Mr. ELLIOTT. I am glad you asked that question. It not only forbids that I do so, but it requires me, in employing men, to make that stipulation, and every man so understands it.

Mr. HARRISON. I do understand that to be the case.

Mr. ELLIOTT. Yes, sir.

TESTIMONY OF WILLIAM H. ROWE.

(The witness was sworn by the acting chairman.)

Mr. BENNET. You are in the employ of the Government Printing Office?

Mr. ROWE. I am.

Mr. BENNET. And what are your office duties?

Mr. ROWE. My position is entitled "maker-up in charge of assembling."

Mr. BENNET. What relation do you have to the work as coming before or after Mr. Huss, the last Printing Office witness?

Mr. ROWE. Before Mr. Huss.

Mr. BENNET. Then, does the copy come to you?

Mr. ROWE. Yes, sir.

Mr. BENNET. The copy and the first proof?

Mr. ROWE. No proof comes to me at all. I take the proof and send it to the proof room.

Mr. BENNET. And from whom do you get the proof?

Mr. ROWE. My man takes the proof.

Mr. BENNET. From the type?

Mr. ROWE. Yes, sir.

Mr. BENNET. Then, in your division, if I understood the last witness correctly, the first proof is corrected in connection with the copy; is that right?

Mr. ROWE. Is read by the copy?

Mr. BENNET. Yes; is read by the copy.

Mr. ROWE. Yes, sir.

Mr. BENNET. Well, if there are any errors they are indicated in that first proof, are they not?

Mr. ROWE. In the first proof.

Mr. BENNET. How many men were there in your division that night who handled the copy on the first proof?

Mr. ROWE. There were about six. I have a record.

Mr. BENNET. Have you got that with you?

Mr. ROWE. Yes, sir [producing papers].

Mr. BENNET. As I understand these records, this means that slug 122, who was Augustus L. Willhoit?

Mr. ROWE. Yes, sir.

Mr. BENNET. He had folios one to two from 10.35 to 10.45?

Mr. ROWE. Yes, sir.

Mr. BENNET. P. M., I presume?

Mr. ROWE. Yes, sir.

Mr. BENNET. And folios one to two refer, in this particular instance, not to the type nor to the copy, but to the proof; is that right?

Mr. ROWE. No, sir. The copy and the original type, before anything has been done with it.

Mr. BENNET. It would be both?

Mr. ROWE. Yes, sir.

Mr. BENNET. The original type before it had been inked, and the proof that was taken from the type after it had been inked?

Mr. ROWE. No, sir; the copy and the original type before inked.

Mr. BENNET. And that is all he did have—just those two things?

Mr. ROWE. Yes, sir.

Mr. BENNET. Slug 116, who is William J. White, had folios 3 to 4, between 10.25 and 10.45?

Mr. ROWE. Yes, sir.

Mr. BENNET. And also the same man had folio 5 at 10.35?

Mr. ROWE. Yes, sir.

Mr. BENNET. Slug 126, John H. Densmore, had folio 6, from 10.45—

Mr. ROWE. We do not take it off for less than five minutes.

Mr. BENNET. Slug 116, William J. White, had folio 7 at 10.45 for less than five minutes?

Mr. ROWE. Yes, sir.

Mr. BENNET. Slug 10, Alexander M. Willingham, had folio 8 at 10.05 for less than five minutes. In reference to the type slug, 122 had spool one; slug 116 had spools two and three; slug 126 had spool four; slug 116 had spool five, and slug 109 had spool six. Do these mean anything?

Mr. ROWE. That is the desk slip.

Mr. BENNET. Attached to these records is a slip. What was that slip on when it came to you?

Mr. ROWE. That slip comes to me originally. I paste it on afterwards, for the record.

Mr. BENNET. And that slip reads: "December 19, 8.40." I presume that means 8.40 p. m.?

Mr. ROWE. Yes.

Mr. BENNET. "73429," which I presume is job number?

Mr. ROWE. Jacket number.

Mr. BENNET. "State"—State Department, of course; and "Amb. Gerard from Sec. State," folios "1-8; 3 p. 8.30 a. m." and "confidential" underscored.

Mr. CAMPBELL. I suggest that the record concerning which the witness has just testified, which has been identified, be inserted in the record, in connection with a similar record with regard to the proof that was testified to by a former witness.

Mr. BENNET. These records ought to go back to the Government Printing Office; I presume they are a part of your permanent records?

Mr. ROWE. We keep them a certain length of time, and destroy them after they become too bulky.

Mr. BENNET. You do not attach any particular value to them?

Mr. ROWE. No, sir.

Mr. BENNET. Does that apply to Mr. Huss?

Mr. ROWE. Any of the records.

Mr. POU. They will both be returned.

(The documents referred to are as follows:)

DEC. 19—840.

73429—State—Amb. Gerard from Sec. State. 1-8 All.
3 p. 8.30 a. m.
Confidential.

EXHIBIT 1.

Government Printing Office; Monotype Section. Copy record.

(Stamped, 73429. Note to Gerard. Dec. 19. State.)

Spool.	Slug.	Folios.	Part.	Point.	From—	To—	
1	122	1-2	2 3	c. 132 8 10	10. 35	10. 45	Willhoit, Augustus L.
2	116	3-4			10. 25	10. 45	} White, William J. Densmore, John H. White, William J. Willingham, Alexander M.
3	116	5			10. 35		
4	126	6			10. 45	✓	
5	116	7			10. 45	✓	
6	109	8			10. 05	✓	

Proof by 8.30 a. m. Strictly confi.
11.35.

DEC. 19—840.

73430—State—Amb. Page from Sec. State. 1-8 All.
3 page 8.30 a. m.
Confidential.

[EXHIBIT 2.]

Government Printing Office; Monotype Section. Copy record.

(Stamped: 73430. Note to Page. Dec. 19. State.)

Spool.	Slug.	Folios.	Part.	Point.	From—	To—	
1	105	1-2	2 3	c. 132 8 10	10. 50	11. 40	Doten, Charles O.
2	116	3-4			10. 25	10. 35	} White, William J. Densmore, John H. White, William J. Willingham, Alexander M.
3	116	5			10. 35	✓	
4	126	6			10. 45	✓	
5	116	7			10. 45	✓	
6	109	8				✓	

Pickup from J. 73429.

Proof 8.30 a. m. Strictly confi.
11.40.

EXHIBIT 3.

(Stamped: 73430. Note to Page. Dec. 19. State.)

Government Printing Office, Monotype section, copy record.

Spool.	Folios.	Part.	Point.	
1.....	1-2	2	C. 132	LD
2.....	3-4	3	8	
3.....	5		10	
4.....	6			
5.....	7			
6.....	8			

¹ Pick-up from J. 73429.

Proof 8.80 a. m. Strictly confi.

EXHIBIT 4.

(Stamped: 73429. Note to Gerard. Dec. 19. State.)

Government Printing Office, Monotype Section. Copy record.

Spool.	Folios.	Part.	Point.	
1.....	1-2	2	C. 132	KN
2.....	3-4	3	8	
3.....	5		10	
4.....	6			
5.....	7			
6.....	8			

Proof by 8.30 a. m. Strictly confi.

EXHIBIT 5.

Government Printing Office. Daily statement of galleys and copy sent to the proof room from Monotype Division. Dec. 19 (night).

Title of copy.	Galley slug.	Number of galleys.	Folios.		Remarks.
			First.	Last.	
Note to Gerard.....	KN	1-6	1	8 all.	State—73429.
Note to Page.....	LD	1-6	1	8 all.	State—73430.

EXHIBIT 6.

(Stamped: 73429. Note to Gerard. Dec. 19, State.)

Government Printing Office, Monotype Section. Copy record.

Spool.	Slug.	Folios.	Part.	Point.	From—	To—
1.....	23	1-2		C. 132		9.50
	54		2	8		10.30
	66		3	10		9.55
2.....	77	3-4				10.20
3.....	66	5				10.30
4.....	78	6				10.25
5.....	68	7				10.20
6.....	66	8				9.45

Proof by 8.30 a. m. Strictly confi.
Sheaffer and Anderson.

EXHIBIT 7.

Government Printing Office, Monotype Section. Copy record.

(Stamped: 73430. Note to Page. Dec. 19. State.)

Spool.	Slug.	Folios.	Part.	Point.	From—	To—
1.....	23	1-2		c. 132		9.58
	54		2	8		10.45
	66		3	10		9.50
2.....		1 3-4				
3.....		1 5				
4.....		1 6				
5.....		1 7				
6.....		1 8				

¹ Pick-up from J. 73429.

Proof 8.30 a. m. Strictly confi.
Sheaffer and Anderson.

Government Printing Office, Monotype Section. Galley-proof desk record.

3 page; 8.30 a. m. Jacket, 73429. Department, State. December 19, 1916.
Title, Note to Gerard.

Galley.	Slug.	Compositor.	From—	To—
1-2 KN.....	58	Grimes, William E.....	12.05	12.30
3 KN.....	36	Meridith, Albert A.....	12.05	12.25
4-5 KN.....	44	McDonough, Thomas J.....	12.10	12.20
6 KN.....	23	Sutor, Louis P.....	12.15	12.20

Government Printing Office, Monotype Section. Galley-proof desk record.

3 page; 8.30 a. m. Jacket, 73430. Department, State. December 19, 1916.
Title, Note to Page.

Galley.	Slug.	Compositor.	From—	To—
1 LD.....	14	Shelton, Charles R.....	12.15	12.30
2 LD.....	40	Smith, Stephen.....	12.20	12.50
3 LD.....	21	Holton, Hoyt A.....	12.20	12.35
4 LD.....	23	Sutor, Louis P.....	12.20	12.25
5 LD.....	44	McDonough, Thomas J.....	12.20	12.40
6 LD.....	41	Dixon, Levi L.....	12.20	12.25

Mr. BENNET. I will mark pages 1 and 2 of this exhibit, and your explanation of the slug marks, and so forth, as made at page 1 would apply to page 2?

Mr. ROWE. Yes, sir.

Mr. BENNET. Page 3, which is marked with large initials "LD," whose record is that?

Mr. ROWE. That is the bankman's record for slugging—putting the slugs on.

Mr. BENNET. And who was the bankman?

Mr. ROWE. Louis Cornwell.

Mr. BENNET. Page 4 bears the initials "KN"; what record is that?

Mr. ROWE. That is the bankman's record.

Mr. BENNET. This same Mr. Cornwell's?

Mr. ROWE. This same Mr. Cornwell's.

Mr. BENNET. Page 5—whose record is that?

Mr. ROWE. That is Mr. Cornwell's night record of all work.

Mr. CAMPBELL. Before that, what does "bankman" mean?

Mr. ROWE. Bankman is the man who puts on the slugs that identify the galley before it goes to the proof room and thereafter.

Mr. BENNET. On page 6—whose record is that?

Mr. ROWE. That is the record of the casting room.

Mr. BENNET. Is it the record of any particular man?

Mr. ROWE. These are runners in the casting room; this is the foreman of the casting room.

Mr. BENNET. That is the record of men who are under Mr. Sheaffer?

Mr. ROWE. Yes, sir.

Mr. BENNET. And Mr. Anderson?

Mr. ROWE. I do not know what Mr. Anderson's name is on there.

Mr. BENNET. At any rate, they are the men who are under Mr. Sheaffer?

Mr. ROWE. Yes, sir.

Mr. BENNET. And on page 7, is that the record also of some men who are under Mr. Sheaffer?

Mr. ROWE. Same as the preceding sheet.

Mr. BENNET. During the time that this peace note was in your division was there any attempt made to obtain any information from you concerning it by anyone?

Mr. ROWE. None whatever, only in the performance of duty.

Mr. BENNET. Oh, you mean the men under you would ask you how to progress the work?

Mr. ROWE. Yes, sir.

Mr. BENNET. I mean, was any information obtained from you as to the contents of the paper?

Mr. ROWE. None whatever.

Mr. BENNET. And was there any man in the division, other than possibly yourself, who ever saw the note as a whole?

Mr. ROWE. No, sir.

Mr. BENNET. Each man would see a part, I presume, about the same size as the original take of the copy?

Mr. ROWE. Yes, sir.

TESTIMONY OF LLOYD G. GENUS.

(The witness was sworn by the acting chairman.)

Mr. BENNET. What position do you hold in the Government Printing Office?

Mr. GENUS. I am the electric proof-press operator.

Mr. BENNET. Under what foreman or superintendent?

Mr. GENUS. Monotype section.

Mr. BENNET. What, if anything, did you have to do with the type or the copy or any other part of this so-called proof of the peace note that was issued on the 20th of December?

Mr. GENUS. I took the first proof of the type after it was set up; that is, after it came out of the casting room, I took the first proof of it.

Mr. BENNET. And to whom did you give that proof?

Mr. GENUS. It went from me to the proof room.

Mr. BENNET. And to whom in the proof room?

Mr. GENUS. I do not know; I guess you will have to get that information from the foreman of the proof room.

Mr. BENNET. Does that go in the pneumatic tube?

Mr. GENUS. It goes in the pneumatic tube; yes, sir.

Mr. BENNET. So all you know in this matter is that you pulled the proof?

Mr. GENUS. Pulled the proof.

Mr. BENNET. And then you put that proof in one of these pneumatic cylinders and the cylinder was put in the pneumatic tube, and sent down to the proof room?

Mr. GENUS. Yes, sir.

Mr. BENNET. Did you pull a complete proof of the entire document or as many proofs as there were takes?

Mr. GENUS. There are as many proofs as there are takes.

Mr. BENNET. Did you at any time have a proof of the entire message together, as a whole, in your hands?

Mr. GENUS. No, sir.

Mr. BENNET. Did you read the proof?

Mr. GENUS. No, sir; no more than examine to see it would pass—to see it could be read.

Mr. BENNET. To see that it was a good and legible proof?

Mr. GENUS. That is all.

Mr. BENNET. Then, as I understand it, the type was delivered to you uninked, dry?

Mr. GENUS. Uninked.

Mr. BENNET. And you inked it and pulled the proof?

Mr. GENUS. Pulled the proof.

Mr. BENNET. And put it in the cylinders and sent it to the proof room?

Mr. GENUS. Yes, sir.

Mr. BENNET. Was there any attempt made to obtain from you any extra proofs or any information as to what was contained in the proofs?

Mr. GENUS. No, sir; none whatever.

TESTIMONY OF WILLIAM A. PRATT.

(The witness was sworn by the acting chairman.)

Mr. BENNET. Mr. Pratt, you are employed in the Government Printing Office?

Mr. PRATT. Yes, sir.

Mr. BENNET. As what?

Mr. PRATT. I am foreman of the night proof room.

Mr. BENNET. So you are in charge of the room to which the proof was sent by the last witness?

Mr. PRATT. Yes, sir.

Mr. BENNET. The testimony is, as I recall it, there were two kinds of proof—the first proof and the revises. Did both of those proofs and also the copy come to your proof room that night?

Mr. PRATT. Why, I really could not give the committee any definite information about this job, because I was not even notified that the job was in the room.

Mr. BENNET. You know nothing about the matter whatever?

Mr. PRATT. I know nothing about the matter whatever.

Mr. BENNET. Is there anybody in the room who knows anything about it?

Mr. PRATT. The chief reviser is here.

TESTIMONY OF MR. JOHN M. LOUGHRAN.

(The witness was sworn by the acting chairman.)

The CHAIRMAN. Give your full name to the stenographer.

Mr. LOUGHRAN. John M. Loughran.

Mr. BENNET. What is your position in the Government Printing Office?

Mr. LOUGHRAN. Maker-up on the night shift.

Mr. BENNET. Precisely what does the maker-up do?

Mr. LOUGHRAN. He takes the galleys after they come from the proof and revises and puts them in page form.

Mr. BENNET. And what relation does that work bear to the work Mr. Huss does?

Mr. LOUGHRAN. When the job is ready to make up Mr. Huss brings it around to one of the makers-up and tells him to go ahead and put it in page form.

Mr. BENNET. Was this job brought by Mr. Huss that night?

Mr. LOUGHRAN. Yes, sir; he came down for the proof and said this was a confidential job.

Mr. BENNET. He told you it was a confidential job?

Mr. LOUGHRAN. Yes, sir.

Mr. BENNET. What did he deliver to you?

Mr. LOUGHRAN. He delivered the proof, and on the truck was the type.

Mr. BENNET. That is, the revised proof?

Mr. LOUGHRAN. Yes, sir.

Mr. BENNET. And the type?

Mr. LOUGHRAN. And the type.

Mr. BENNET. What did you do?

Mr. LOUGHRAN. I looked through the proof and saw if there were any directions, and the length of the page, the number of page

proofs, and the job number, put press bulletin on the slip and put it in page form, tied it up, and put it on the truck.

Mr. BENNET. You mean you actually printed it?

Mr. LOUGHRAN. No; measured it off into page form, as it is in the exhibit.

Mr. BENNET. After you had measured it off into page form, what did you do with the type and any impressions that were made from the type?

Mr. LOUGHRAN. I merely tied it up and put it on page paper.

Mr. BENNET. When you say "tied," to what do you refer?

Mr. LOUGHRAN. I tied the paged type with a piece of cord and put it on the page paper, and when the job was completed a man was called to take it to the proof press.

Mr. BENNET. Of course, we are not technical people, and we do not know—at least I do not know—what putting on "page paper" means.

Mr. LOUGHRAN. Well, I will show you. There is a page of type, you see—it has been a page of type—tied up with a piece of cord and a piece of stiff paper, and then it is put on the galley, and you put the type on and print it, and it is on page paper.

Mr. BENNET. And after the type had been put on the page paper what did you do with the type?

Mr. LOUGHRAN. Turned it over to a man to take the proof.

Mr. BENNET. And who was the man you turned it over to to take the proof?

Mr. LOUGHRAN. As I remember, it was Mr. Sheehan.

Mr. BENNET. Is he here?

Mr. LOUGHRAN. I do not know whether he is. I think Huss went up with it.

Mr. BENNET. Mr. Huss?

Mr. LOUGHRAN. He was right around, either standing where I was working or else standing at the desk where he could see me.

Mr. BENNET. This whole operation was under the supervision of Mr. Huss?

Mr. LOUGHRAN. Yes, sir.

Mr. BENNET. And he, in fact, took the type away with him?

Mr. LOUGHRAN. He was there when I went up the room.

Mr. BENNET. Did you see the type again?

Mr. LOUGHRAN. No, sir.

Mr. BENNET. Or any impression from it?

Mr. LOUGHRAN. No, sir.

Mr. BENNET. While in your custody was any attempt made to obtain any information of it or any information contained in the type?

Mr. LOUGHRAN. No, sir.

Mr. BENNET. Was the type in your possession in such form that you could have read the entire message if you wished?

Mr. LOUGHRAN. It came to me in the form of so many takes, each take of proof, and I glanced through it to see if there were any instructions there as to how it should be made up.

Mr. BENNET. You did not read it?

Mr. LOUGHRAN. I did not read it.

Mr. BENNET. You simply tied up each separate page of type and delivered it to Huss, or the man that was with him?

Mr. LOUGHRAN. Yes, sir.

Mr. BENNET. And it went out of your possession?

Mr. LOUGHRAN. Yes, sir.

Mr. BENNET. I asked you if you read it?

Mr. LOUGHRAN. Yes, sir; and I told you "No."

Mr. POU. He said he did not.

TESTIMONY OF WILLIAM PEACOCK.

(The witness was sworn by the acting chairman.)

Mr. POU. State your full name and residence to the stenographer.

Mr. PEACOCK. William Peacock, 3319 Eleventh Street NW.

Mr. BENNET. Mr. Peacock, what position do you occupy in the Government Printing Office?

Mr. PEACOCK. I pull the proofs on the work after it is made up into pages.

Mr. BENNET. What Mr. Huss called the "revises"?

Mr. PEACOCK. No; final proof.

Mr. BENNET. Oh, after it is in page form?

Mr. PEACOCK. After it is in page form; yes.

Mr. BENNET. And did you pull the proofs of this particular message in page form.

Mr. PEACOCK. Yes, sir.

Mr. BENNET. How did the type come to you, by whom, and in what form?

Mr. PEACOCK. It was brought to me by the man on the floor who has charge of the disposition of type of that kind, Mr. Sheehan, and accompanied by the assistant foreman, and then I pulled the proof and returned it.

Mr. BENNET. The assistant foreman; is that Huss?

Mr. PEACOCK. Yes.

Mr. BENNET. Mr. Huss and Sheehan came to you with the type, tied up in page form, and you pulled the proof?

Mr. PEACOCK. Yes, sir.

Mr. BENNET. And you pulled the proof in page form in their presence?

Mr. PEACOCK. Yes, sir.

Mr. BENNET. Then what did you do with the type and the proof?

Mr. PEACOCK. Turned them back to Mr. Sheehan and Mr. Huss, and they took it away.

Mr. BENNET. Did you read the message?

Mr. PEACOCK. Only sufficient to see that it had a good proof and for that it was not necessary to read any of it.

Mr. BENNET. Your whole duty was to see that a proper proof was pulled and given to Mr. Huss?

Mr. PEACOCK. Yes, sir.

Mr. BENNET. And at any time between the time when that type first came to you and 5 o'clock on the afternoon of December 20, did anybody obtain or attempt to obtain from you any information as to the contents of that note?

Mr. PEACOCK. No, sir.

Mr. BENNET. How many proofs did you take?

Mr. PEACOCK. Three sets.

Mr. WHIPPLE. That would be six?

Mr. PEACOCK. Yes, sir.

Mr. BENNET. And you handed them all to Huss?

Mr. PEACOCK. Yes, sir.

TESTIMONY OF WALTER H. GUTHRIDGE.

(The witness was sworn by the acting chairman.)

Mr. POU. Give the stenographer your full name and address.

Mr. GUTHRIDGE. Walter H. Guthridge, 1402 Meridian Street NW.

Mr. BENNET. Mr. Guthridge, what position do you hold in the Government Printing Office?

Mr. GUTHRIDGE. Chief reviser.

Mr. BENNET. You are the man, according to the testimony of one of the witnesses, to whom the first proof of this peace message came on the night of December 19?

Mr. GUTHRIDGE. Yes, sir.

Mr. BENNET. It came up in a cylinder through the pneumatic tube?

Mr. GUTHRIDGE. It does not come through the pneumatic tube that way.

Mr. BENNET. How does it come to you?

Mr. GUTHRIDGE. By messenger. The messenger opens the tubes and brings them down.

Mr. BENNET. It comes to the messenger through the tube, and the messenger brings it to you?

Mr. GUTHRIDGE. Yes, sir.

Mr. BENNET. And when it came to you on the night of December 20, that first proof, what did you do with it?

Mr. GUTHRIDGE. Gave it out to the revisers, to be revised.

Mr. BENNET. Do you mean by that that you gave them the proof and the copy so that they could read the proof by the copy?

Mr. GUTHRIDGE. They do not see the copy.

Mr. BENNET. All they saw was the proof?

Mr. GUTHRIDGE. They saw the proof, what we call "the dirty proof" and clean proof; and they take the clean proof and see that the marks on the dirty proof have been made, the corrections have been made.

Mr. BENNET. Who, if you know, would read the first proof, which has also been called "the dirty proof," in connection with the copy? I do not think we have had him on the stand yet.

Mr. GUTHRIDGE. Those are the readers, and their names are on the dirty proof. Have you that first proof?

Mr. BENNET. In your division, who handled the clean or revised proof?

Mr. GUTHRIDGE. Why, I really could not say who handled the clean proof. We have four or five revisers there, but their names are all on the proofs.

Mr. BENNET. And where is the record of that?

Mr. GUTHRIDGE. That record—we do not have any record of the man who takes out the proof.

Mr. BENNET. Is there no record in your division of the men who handled the proof of this peace message during the time it was in your division?

Mr. GUTHRIDGE. Their names are on the proof.

Mr. BENNET. Where is the proof?

Mr. GUTHRIDGE. I do not know; I do not know that.

Mr. POU. Have you that proof?

Mr. GUTHRIDGE. I have not the proofs at all; they are filed.

Mr. Pou. Can you give us some information about the proof he is speaking of, Mr. Huss?

Mr. Huss. I did not catch what you were saying.

Mr. Pou. We have been speaking about what you do with the first correction of the dirty proof.

Mr. Huss. That slip I turned over is the correcting of the dirty proof.

Mr. Pou. That is what that slip is?

Mr. Huss. Yes, sir—not the proof; when it leaves, it all goes down.

Mr. BENNET. According to your testimony, this gentleman on the stand is the man in charge of the room to which you sent both the dirty and the revised proof?

Mr. Huss. Yes, sir.

Mr. BENNET. So that he ought to know, according to your testimony, what becomes of the dirty and the revised proof?

Mr. Huss. It all goes to him. He is the chief reviser, and it all goes right down to him.

Mr. BENNET. Will you explain, Mr. Guthridge, what does become of the dirty and the revised proof?

Mr. GUTHRIDGE. The dirty and revised proof were sent by me to the assistant superintendent of work to be placed in the vault.

Mr. BENNET. And the assistant superintendent of work is Mr. McEvoy?

Mr. GUTHRIDGE. Mr. McEvoy; yes, sir.

Mr. BENNET. And did you turn over the dirty and the revised proof and the copy?

Mr. GUTHRIDGE. And the copy.

Mr. BENNET. To Mr. McEvoy?

Mr. GUTHRIDGE. Yes, sir.

Mr. BENNET. How many proofs, revised and dirty, did you turn over?

Mr. GUTHRIDGE. Six of each.

Mr. BENNET. I do not know whether you have clearly indicated how many people read this proof in whole or in part in your room.

Mr. GUTHRIDGE. There were six proofs, and there are five revisers, I remember, were working that night. I think probably one man had a proof.

Mr. BENNET. So that you think all of the five revisers who were working that night saw some portion of this note?

Mr. GUTHRIDGE. Very probably; yes, sir.

Mr. BENNET. And are the names of those revisers different from the names of the men whose names were put into the record by Mr. Huss?

Mr. GUTHRIDGE. Oh, yes.

Mr. BENNET. Have you their names?

Mr. GUTHRIDGE. No, sir; their names are on the proofs, if you can get those clean and dirty proofs. That is why we do not keep the record of a man who takes out a proof, because he signs it himself; his name is on the corner.

Mr. BENNET. And you turned those clean and dirty proofs over to Mr. McEvoy?

Mr. GUTHRIDGE. Yes, sir; and the copy.

Mr. BENNET. With the names?

Mr. GUTHRIDGE. And the names of those men who handle it on them.

Mr. BENNET. During the time this was in your division, did you read this thing in full yourself?

Mr. GUTHRIDGE. No, sir.

Mr. BENNET. Did you read any part of it?

Mr. GUTHRIDGE. Only enough to find out what department it came from. I have to do that to make the record.

Mr. BENNET. Surely. Between the time when this first came to your knowledge and 5 o'clock on the 20th of December, did anyone obtain or attempt to obtain any information from you as to the whole of this note or any portion of it?

Mr. GUTHRIDGE. No, sir.

Mr. BENNET. Were there any strangers in your department that night?

Mr. GUTHRIDGE. No, sir.

Mr. POU. Did I understand you to say that one person had charge of all the proof, or that the contrary was the case?

Mr. GUTHRIDGE. You mean these particular proofs?

Mr. POU. Yes; did any one person have an opportunity to read all of that note?

Mr. GUTHRIDGE. Oh, no. I could modify that in this way: After those proofs were revised the page proofs came down, and they were revised from the clean proof.

Mr. BENNET. They came down to your room?

Mr. GUTHRIDGE. They came down to my room, and I took those and gave them to Mr. Huse, the reviser.

Mr. BENNET. Did that constitute the whole note?

Mr. GUTHRIDGE. Oh, yes; each note was made into three pages.

Mr. BENNET. Did Mr. Huse have an opportunity to read the whole note?

Mr. GUTHRIDGE. Mr. Huse made up the page proofs; I do not know that he had them long enough to read the whole note.

Mr. BENNET. Did those proofs also go to Mr. McEvoy, the paged proof?

Mr. GUTHRIDGE. All of them.

Mr. BENNET. And they went from your room to Mr. McEvoy?

Mr. GUTHRIDGE. From my room to Mr. McEvoy.

Mr. BENNET. With the understanding on your part that the copy and all the proofs which comprised the first and dirty proof, the revised proofs, and the paged proofs were all to be locked up in the vault?

Mr. GUTHRIDGE. Yes, sir.

Mr. POU. How long did Mr. Huse have the proofs in his possession.

Mr. GUTHRIDGE. I would say about 10 minutes; possibly 15.

Mr. POU. Do you think a man can read that whole note in 10 or 15 minutes?

Mr. GUTHRIDGE. He might if his attention was called to it being anything important; but that passed through our room without breathing a ripple scarcely.

Mr. WHIPPLE. How many copies of proofs were there?

Mr. GUTHRIDGE. There were only three page proofs.

Mr. WHIPPLE. And how many different men saw them?

Mr. GUTHRIDGE. Only one man saw the paged proofs.

Mr. WHIPPLE. One man saw all of those proofs?

Mr. GUTHRIDGE. Yes, sir.

Mr. WHIPPLE. Was there any chance for him to keep one?

Mr. GUTHRIDGE. No, sir.

Mr. WHIPPLE. Why not?

Mr. GUTHRIDGE. Because a certain amount were called for, and he had to turn back what he had.

Mr. WHIPPLE. One gentleman who testified, testified to the committee that he had one proof in the drawer, and then when he went there he found he had two. I was wondering whether there could not be an extra one without a man's knowing it?

Mr. GUTHRIDGE. I do not know how many proofs were taken altogether of that, but I only handled three.

Mr. WHIPPLE. Who would know how many were taken?

Mr. GUTHRIDGE. Mr. Peacock, I think, testified that he took them.

Mr. WHIPPLE. Then it would be possible for him to take as many extra ones as he pleased, would it not?

Mr. GUTHRIDGE. I suppose so.

Mr. WHIPPLE. I wanted to find out who took and who might have taken an extra one, if anyone had offered an inducement to do it—not that anyone did—who the man is who might have taken an extra proof or two and put it in his pocket. You had the responsibility——

Mr. PEACOCK. Only one proof.

Mr. CAMPBELL. Mr. Peacock took these proofs in the presence of two gentlemen.

Mr. PEACOCK. Yes, sir; and could not possibly have taken any more.

Mr. WHIPPLE. They could testify of the number?

Mr. BENNET. Mr. Huss has testified there were three proofs.

Mr. WHIPPLE. You remember one gentleman brought two of each when he only thought he had one.

TESTIMONY OF EDWARD A. HUSE.

(The witness was sworn by the acting chairman.)

Mr. POU. Will you give your full name and address to the stenographer?

Mr. HUSE. Edward A. Huse, Washington, D. C., Government Printing Office.

Mr. BENNET. Mr. Huse, what position do you occupy in the Government Printing Office?

Mr. HUSE. I am reviser.

Mr. BENNET. Are you under the last witness?

Mr. HUSE. Under Mr. Guthridge; yes, sir.

Mr. BENNET. Do you remember this peace note?

Mr. HUSE. Well, everything I saw that night—I could not swear that I revised it, but from what developed afterwards I think I must have handled a set of proofs.

Mr. BENNET. What "developed" afterwards?

Mr. HUSE. The talk about the note.

Mr. BENNET. You have no personal recollection?

Mr. HUSE. I recollect him handing me a confidential job, or some page proof, with instruction that they were confidential, and saying

they were in a hurry, and I had that possibly five minutes, just to revise pages, just to see they were the right lengths, made up in consecutive form according to the galleys, and returned them to him.

Mr. BENNET. How many page proofs were there?

Mr. HUSE. I only had one set, and I put my initials on it, and that would be the only one that would be revised.

Mr. BENNET. I do not understand exactly what you did.

Mr. HUSE. He passed me a set of the paged proofs of the message, with the corresponding short galleys. I have to take the page and see that those short galleys are put in numerical order, page the right length, folios right, and to see that any errors marked in the proof have been corrected.

Mr. BENNET. To use an untechnical term, you assembled it?

Mr. HUSE. I only saw it was assembled correctly; yes, sir.

Mr. BENNET. And after you had seen that it was assembled correctly, according to the page proof, what did you pass on to somebody else, and to whom did you pass it on?

Mr. HUSE. According to instructions I took these short galleys, which embraced the whole message, and the page proofs, and returned them to Mr. Guthridge.

Mr. BENNET. When you use the words "short galleys," you mean short galley proofs?

Mr. HUSE. Yes, sir; short galley proofs, from those short galleys.

Mr. BENNET. Did you read this matter?

Mr. HUSE. I did not have time or disposition to either.

Mr. BENNET. From the time that this matter was first brought to your attention until 5 o'clock on the afternoon of December 20, did anyone obtain or attempt to obtain from you any information as to what was the subject matter of the note which had been proofed in the way you have testified?

Mr. HUSE. No, sir.

Mr. BENNET. Did you know yourself?

Mr. HUSE. I did not; I did not realize it.

TESTIMONY OF WILLIAM J. McEVOY—Recalled.

Mr. PROCTOR. Mr. McEvoy, the testimony is that the dirty proof and the clean proof came into your hands at the last part of its process through the Printing Office?

Mr. McEVOY. Yes, sir; that is correct.

Mr. PROCTOR. From whom did you receive it?

Mr. McEVOY. Why, the type came through the hands of Mr. Huss and the proof and the copy and what I might call "revises" came through Mr. Guthridge.

Mr. PROCTOR. And what did you do with them?

Mr. McEVOY. I saw to it that they were stored in the vault.

Mr. PROCTOR. Do you know what finally became of them?

Mr. McEVOY. I stored them in a vault which, of course, is locked, with a note to the effect that they were in there, to be sent out the following morning, at 8.30 o'clock, to the State Department.

Mr. PROCTOR. What was done with the dirty proof?

Mr. McEVOY. The dirty proof and the copy and the type, as I say, were all stored in the vault, and remained there until after the release of this note, that is, the dirty proofs, as you say; and our rule has

been that with confidential jobs and jobs that are to be released on a certain date following that they are usually destroyed. So, in this case, it took that same course.

Mr. PROCTOR. And what means do you provide for the destruction of this confidential kind of proof?

Mr. McEVoy. We have in the office a sort of crematory which simply burns and destroys them.

Mr. PROCTOR. So that the papers are not sent out to people who collect old papers?

Mr. McEVoy. They do not get out. They are all kept in the office.

Mr. BENNET. And that covers the first or dirty proof, the revised and page proofs?

Mr. McEVoy. That's the idea.

Mr. BENNET. And all are burned in those crematories?

Mr. McEVoy. Yes, sir. That also includes soiled sheets of any description whatever, even a sheet that is wrapped around the cylinder of the press, any overs or anything at all—they are all put together and wrapped up, and held, as I say, until after release, and then all are destroyed—burned up in the office.

Mr. BENNET. I do not know whether you were asked the question when on the stand, whether anyone obtained or attempted to obtain any information as to the contents or substance of this document from the time it first came to your knowledge until after 5 o'clock on the afternoon of December 20?

Mr. McEVoy. No inquiries whatever.

Mr. BENNET. It is not a very easy matter to get into your office at night?

Mr. McEVoy. There are rules against it, unless people are identified. We allow no visitors, except on business—employees from the Capitol sent down by some one.

Mr. BENNET. Did you read the note in full, yourself?

Mr. McEVoy. I did not.

Mr. BENNET. And I take it that you did not give out any information in connection with it?

Mr. McEVoy. None whatever.

Mr. LENROOT. Mr. McEVoy, when you testified previously before this committee you testified as follows:

I believe this particular note was cut up into what we call 11 takes, so that no man excepting this copy preparer knew all of the note, or had all of it together at any time; so that the printers and the proofreaders working on it only had a small portion of it, which, as a matter of fact, they knew nothing about the nature of it or even what it was or what it consisted of.

Mr. GARRETT. It was cut in such a way that no one of the printers could obtain any fair idea of what the full text was?

Mr. McEVoy. That is the idea.

Do you wish to modify or correct that testimony any further?

Mr. McEVoy. Yes, when I was talking about that I thought there were 11 takes, and I believe there are only 6 or 8.

Mr. LENROOT. Six.

Mr. McEVoy. Yes; I would change that to six takes.

Mr. LENROOT. And it has been testified to before the committee that those takes were the ordinary takes and that no different practice was observed with reference to the printing of this note than any other note.

Mr. McEVoy. That is our usual way of running a job like that.

Mr. LENROOT. And have you examined this since then?

Mr. McEVoy. I have not seen it since.

Mr. LENROOT. Would you not want to make the statement, after examination that you did on this previous occasion, that no one printer could get a fair idea of the copy inasmuch as you now see the takes are very much larger than you thought?

Mr. McEVoy. Yes.

Mr. POU. The committee will now stand adjourned, subject to the call of the chairman.

(Thereupon, at 5.05 o'clock the committee stood adjourned to meet at the call of the chairman.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 14, 1917

PART 22

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BEL- LIGERENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
New York, N. Y., February 14, 1917.

The committee this day met, Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order.

TESTIMONY OF MR. GEORGE A. ELLIS, JR.—Resumed.

Mr. WHIPPLE. Mr. Ellis, you were asked by the committee to furnish, if possible, copies of certain telegrams that passed between your office and Chicago on December 20. Have you succeeded in finding any more?

Mr. ELLIS. No. You have all the telegrams that we have a record of, except the file which I have with me, of the business that passed through for three or four days in that period.

Mr. WHIPPLE. I do not think the committee is interested in that. But in respect to certain telegrams, as you remember, you thought when you were in Washington that undoubtedly if you came here you could find them in the files or, perhaps, supply them, but you say you have not been able to do so.

Mr. ELLIS. All the telegrams in our office are contained in that package which I have, but the telegrams you want are not in there.

Mr. WHIPPLE. But you observe, do you not, that what Mr. Hutton stated as the rule with regard to the kind of telegrams that you kept was rather the exception, that you have not copies of all telegrams sent out; that you have copies of some that came in but fail to have copies of others.

Mr. ELLIS. He gave you all we have a record of.

Mr. WHIPPLE. You notice that, do you not? That while he stated you did not have, as a rule, the originals of telegrams that came in yet you have presented in some instances such telegrams, and that while he said as a rule you always did keep copies of the telegrams that went out some that actually did go out are missing—you recognize that?

Mr. ELLIS. That is the general practice in our office.

Mr. WHIPPLE. You recognize the fact, do you not, with regard to these telegrams that we are talking about, that your practice has not been the same?

Mr. ELLIS. You have got all we have.

Mr. WHIPPLE. That is not what I asked you, sir, and you have stated that once or twice but not in response to any question. I asked you whether you recognized that while your partner stated

that you usually did have copies of those that you sent out, the record shows that copies of certain telegrams you sent out that day are missing? You recognize that, do you not?

Mr. ELLIS. We usually——

Mr. WHIPPLE (interposing). No; pardon me. You recognize that, do you not?

Mr. ELLIS. I recognize that some of the telegrams are missing, yes.

Mr. WHIPPLE. That is right.

Mr. ELLIS. Yes, sir.

Mr. WHIPPLE. But under the rule stated by your partner you would expect all of them to be preserved.

Mr. ELLIS. He did not say any rule. I do not know what he said, but it is our practice; it is not a rule, but under the practice of our office we have most all of the telegrams.

Mr. WHIPPLE. He said that under the practice of your office you did not usually keep those that came in.

Mr. ELLIS. Not when they are addressed to different individuals in the office.

Mr. WHIPPLE. Now, we find that of those that are presented to the committee at least one is of that character and description?

Mr. ELLIS. Yes.

Mr. WHIPPLE. So that the rule that your partner laid down as to the telegrams that were preserved and those that were not likely to be preserved does not seem to apply?

Mr. ELLIS. It is not the rule.

Mr. WHIPPLE. Pardon me, the practice.

Mr. ELLIS. The practice; yes.

Mr. WHIPPLE. But you have not found any further telegrams?

Mr. ELLIS. I have not.

Mr. WHIPPLE. And find no further explanation as to the absence of those that have been destroyed?

Mr. ELLIS. No.

Mr. WHIPPLE. Were you in Washington on Saturday preceding the 18th of December, or during that week?

Mr. ELLIS. No, sir.

Mr. WHIPPLE. Were you there on Saturday evening or at any time, or on Sunday, at dinner with Connolly?

Mr. ELLIS. While this investigation was on, just when I was testifying in Washington.

Mr. WHIPPLE. No; I am speaking of the 16th of December.

Mr. ELLIS. No; I was not in Washington at any time during the month of December.

The CHAIRMAN. Mr. Ellis, I understood you to say you were not there on December 16. Were you at a social dinner with Mr. Connolly and some others during the latter part of November or around the 16th of December, either in Washington or anywhere else?

Mr. ELLIS. No, sir; I was to go to the Gridiron Dinner but did not go.

The CHAIRMAN. The Gridiron Dinner was December 6, I think.

Mr. ELLIS. Whenever it was.

The CHAIRMAN. You say you were at the Gridiron Dinner?

Mr. ELLIS. No; I was to go but did not go.

The CHAIRMAN. Were you at a social dinner anywhere with Mr. Connolly on the night of the 16th, and some others present?

Mr. ELLIS. Absolutely not.

The CHAIRMAN. You were not?

Mr. ELLIS. No, sir.

Mr. CAMPBELL. Mr. Ellis, do you remember the time that Connolly secured his seat on the stock exchange?

Mr. ELLIS. Approximately; yes.

Mr. CAMPBELL. Do you know how that seat was paid for?

Mr. ELLIS. I do not.

Mr. CAMPBELL. As a matter of fact, did not Hutton & Co. advance the money to pay for that seat?

Mr. ELLIS. No; it did not. The money was sent to Hutton & Co. from Washington, and when Connolly was elected a member of the stock exchange my recollection is that Hutton & Co. gave the stock exchange a check for the amount.

Mr. CAMPBELL. For the amount?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. So that the stock exchange seat was paid for through the office of Hutton & Co.?

Mr. ELLIS. Through the office of Hutton & Co.; yes, sir.

Mr. CAMPBELL. Why was that done?

Mr. ELLIS. Mr. Hutton had been Connolly's sponsor before the stock exchange, and by acting in that capacity, of course, wanted to know that the money was available to pay for the seat as soon as it had been purchased for Connolly's account.

Mr. CAMPBELL. Now, I repeat, was not the money advanced by Hutton & Co. to pay for Connolly's seat on the stock exchange?

Mr. ELLIS. Not one penny.

Mr. CAMPBELL. And Hutton & Co. afterwards reimbursed by Connolly & Co.?

Mr. ELLIS. Not one dollar.

Mr. CAMPBELL. How did the money come from Connolly & Co. to Hutton & Co. to pay for the seat?

Mr. ELLIS. I do not know of my own knowledge; I assume that it came through the regular banking channels by transfer from Washington, by wire or letter, or that Hutton & Co. may have drawn on some bank in Washington, knowing it was there for that purpose.

Mr. CAMPBELL. Is it customary for the brokerage houses in New York to make payment for a seat on the stock exchange in behalf of their correspondents in the country who become members of the exchange?

Mr. ELLIS. We never have, and I do not know that it is customary. I think not.

Mr. CAMPBELL. But you did it in this case; that is, the payment was made through you.

Mr. ELLIS. Through us; yes, sir.

Mr. CAMPBELL. I say, is it customary, when country correspondents become members of the stock exchange, for the payment to be made through a brokerage house in New York?

Mr. ELLIS. I have never handled one before, and therefore I could not answer that question.

Mr. CAMPBELL. Do you have any recollection of the conversation with Mr. Connolly that resulted in Hutton & Co. making this payment in this way?

Mr. ELLIS. In an indefinite way. I understood that the money would be deposited in a Washington bank and would be available for the payment of the seat as soon as he was elected to membership.

Mr. CAMPBELL. Then the seat was paid for by your firm and a draft made on Connolly & Co. in Washington?

Mr. ELLIS. I do not recall whether or not it was, but I think that was the case.

Mr. CAMPBELL. Have you any record of that?

Mr. ELLIS. We would have a record of it; yes, sir.

Mr. CAMPBELL. I wish you would ascertain within an hour or so and tell the committee just how that transaction went through your office.

Mr. ELLIS. I would be glad to do so.

Mr. CHIPERFIELD. During the week of December 13, and on past the 20th, did you have an open account with any public official? I do not care whether city, State, or National.

Mr. ELLIS. I would say no, and believe it. I do not recall any public official, city, national, or otherwise, that we have had an account with in years.

Mr. CHIPERFIELD. That is your best recollection?

Mr. ELLIS. That is my best recollection.

Mr. CHIPERFIELD. Did you have during that same length of time any account with Connolly—F. A. Connolly?

Mr. ELLIS. Only the account of F. A. Connolly & Co., as a firm account and as our correspondent.

Mr. CHIPERFIELD. Did you have any account with F. A. Connolly personally?

Mr. ELLIS. No.

Mr. CHIPERFIELD. Or any member of his firm personally?

Mr. ELLIS. No.

Mr. CHIPERFIELD. Did you have any trading account with F. A. Connolly?

Mr. ELLIS. No.

Mr. CHIPERFIELD. The only account you had with Connolly was a brokerage account?

Mr. ELLIS. A brokerage account; yes.

Mr. CHIPERFIELD. Have you any reason to suppose, from the transactions occurring within those dates, that Connolly & Co. were trading on their own account?

Mr. ELLIS. I have not.

Mr. CHIPERFIELD. Or any of the partners?

Mr. ELLIS. No.

Mr. CAMPBELL. You stated when you were in Washington that your partner, Mr. Barrett, was very ill in New York. What is the state of his health now?

Mr. ELLIS. I have not seen Mr. Barrett, Mr. Campbell. As I explained, his home was in Memphis. Mr. Barrett's aunt died perhaps a week or 10 days ago, or two weeks ago; I do not recall the time; and one of his uncles, who is his nearest relative, next to his mother, is very ill. Mr. Barrett left for Memphis a few days ago; I do not recall just when.

Mr. CAMPBELL. But he was in the care of two nurses, and could not possibly appear before this committee.

Mr. ELLIS. That is correct.

Mr. CAMPBELL. Did he take those two nurses to Memphis with him?

Mr. ELLIS. I do not know. His physician would be the man to answer that question. I can give you his name.

Mr. CAMPBELL. You knew he was a very important witness?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. Before this committee?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. And the excuse made for him by Mr. Hutton and yourself was that he was a very sick man?

Mr. ELLIS. Correct.

Mr. CAMPBELL. Now, when we appear in New York again Mr. Barrett is conveniently in Memphis. Is he still very ill in Memphis?

Mr. ELLIS. I would be glad to have you call his physician to tell you about that.

Mr. CAMPBELL. If he could leave these two nurses and go to Memphis out of duty to his family, could he not have appeared before this committee in the performance of a public duty?

Mr. ELLIS. Not at the time you asked him to appear; no, sir.

Mr. CAMPBELL. Do you think that the firm of Hutton & Co. have acted entirely frankly with this committee?

Mr. ELLIS. Absolutely so.

Mr. CAMPBELL. Throughout?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. In giving all the telegrams they have received or sent out?

Mr. ELLIS. Yes, sir; everything in our possession and that we have any record of.

Mr. CAMPBELL. We have finally discovered that you have given us copies of four telegrams, when a large number of important telegrams passed through your office which we have not gotten.

Mr. ELLIS. The balance of the telegrams, with the exception of one, were sent to us from Chicago, and were addressed to individuals and were not kept.

Mr. CAMPBELL. Then we wanted Mr. Barrett to explain one of these telegrams which neither you or Mr. Hutton could explain. Mr. Barrett was the only man who could possibly explain it and we were told that he was critically ill and could not appear.

Mr. ELLIS. You seem to doubt my statement when I tell you Mr. Barrett was in such shape that he could not be carried except on a stretcher, without endangering his life.

Mr. CAMPBELL. But he has gone, without these nurses; in all probability, to Memphis?

Mr. ELLIS. I do not know that; he may have the two nurses with him now.

Mr. CAMPBELL. You did not inform the committee when he recovered sufficiently to appear before the committee?

Mr. ELLIS. I have not seen Mr. Barrett; I do not know his physical condition, but I know he is very ill and I know he went down there out of duty to his family. His physician would be the one to tell you his physical condition, because I have not seen him since I was in Washington.

Mr. CAMPBELL. You know that your own absence from New York, when the committee first appeared here, was accounted for by your critical illness?

Mr. ELLIS. No; I do not think critical illness.

Mr. CHIPERFIELD. It was so stated.

Mr. ELLIS. Not critical illness.

Mr. CHIPERFIELD. The committee was told that you were a nervous wreck.

Mr. ELLIS. Well, there is a good deal of truth in that.

Mr. CHIPERFIELD. You have got your nerve since, all right?

Mr. ELLIS. That is what I went away for.

Mr. CHIPERFIELD. Well, you found it.

Mr. CAMPBELL. That is all.

Mr. HARRISON. I would like to know when Mr. Barrett is expected to return.

Mr. ELLIS. I have no definite knowledge of when he will return. Mr. Clark, J. S. Clark, is his physician. He attended Mr. Barrett through his illness and is thoroughly familiar with Mr. Barrett's condition. It is a heart condition and I do not believe that Mr. Barrett will return to business for maybe two or three months.

Mr. HARRISON. He will probably remain in Memphis two or three months?

Mr. ELLIS. Either there or some other place for the benefit of his health.

The CHAIRMAN. Mr. Ellis, pursuing a little further your acquaintance with Mr. Connolly, are you and Mr. Connolly intimate friends?

Mr. ELLIS. I had known Mr. Connolly for some months previous to the business connection that we have.

The CHAIRMAN. You have been thrown with him a good deal since his firm was organized, have you not?

Mr. ELLIS. Yes. I handle that part of our business which has to do with the firm of F. A. Connolly & Co.

The CHAIRMAN. In September, October, and November was he not over here frequently and you in Washington, and the two of you in conference?

Mr. ELLIS. The last time I was in Washington, before I was called there, was some time last May. Mr. Connolly came to New York on two or three different occasions, as I recall it, while he was before the membership committee of the New York Stock Exchange. He had to appear here to go before them, and he may have been here on one or two other occasions on some business, but not frequently.

The CHAIRMAN. You have been thrown with him more than with any other member of the firm, have you not?

Mr. ELLIS. I think so; yes, sir.

The CHAIRMAN. And a rather intimate acquaintance and friendship has grown up between the two of you, has it not?

Mr. ELLIS. Yes.

The CHAIRMAN. And personally you relied on Mr. Connolly to inform you about affairs in Washington in regard to that firm more than on any other member of the firm, did you not?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. And when he came here or sent communications here you were the one with whom he conferred or communicated with, is not that so?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. Are you acquainted with the other members of the firm, Mr. Robertson and Mr. Bolling?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. How long have you known them?

Mr. ELLIS. I have known Mr. Robertson about six months and Mr. Bolling four or five months.

The CHAIRMAN. I do not recall exactly what the testimony was on this or whether you were questioned about it, but during the first three weeks of December, did you have any conversation over the telephone with Mr. Connolly?

Mr. ELLIS. I called Mr. Connolly once or twice on the telephone in the last three months regarding the condition of his account with us. That was my occasion for calling him.

The CHAIRMAN. Did you ever have any conversation with him about affairs in Washington or matters of news that might be given to the public by governmental officials?

Mr. ELLIS. Not that I recall, Mr. Chairman.

The CHAIRMAN. You do not recall anything of that sort?

Mr. ELLIS. No, sir.

Mr. WHIPPLE. You stated in Washington that the communication that came to you from Washington on December 20 bore Essary's signature?

Mr. ELLIS. I did not say that; I said I thought it did; yes. My recollection of it was that it had Essary on the wire with "F. A." or "Connolly."

Mr. WHIPPLE. Have you a different recollection now?

Mr. ELLIS. No.

Mr. WHIPPLE. Do you know any reason why, if that telegram came in over the private wire signed "Essary," you should be the only one in your firm that knew who sent the dispatch?

Mr. ELLIS. Yes.

Mr. WHIPPLE. Was it kept secret?

Mr. ELLIS. It was not.

Mr. WHIPPLE. Then what is the reason why you should be the only one who knew it was signed Essary?

Mr. ELLIS. I did not say that I was the only one who knew it was signed Essary, but I say it was directed to me for the reason——

Mr. WHIPPLE (interposing). No, I am not asking you that.

Mr. ELLIS. Repeat your question.

Mr. WHIPPLE. I am asking you if you were the only one who would know that that telegram was signed Essary, the only one in the firm?

Mr. ELLIS. No. If the other members saw it they would know it was signed Essary.

Mr. WHIPPLE. Yes, that is it. Do you know whether they saw it or not?

Mr. ELLIS. Mr. Hutton saw the message.

Mr. WHIPPLE. Then do you know any reason why, when your partner, Mr. Hutton, testified here in the first place he did not disclose to this committee that that was signed Essary?

Mr. ELLIS. Because he did not recall it.

Mr. WHIPPLE. Because he did not recall it?

Mr. ELLIS. The telegram was also signed Connolly, I think, or F. A., as I explained.

Mr. WHIPPLE. And the only excuse you can give why Mr. Hutton——

Mr. ELLIS (interposing). I am not making any excuses for Mr. Hutton.

Mr. WHIPPLE. The only reason you can give as to why Mr. Hutton did not disclose to this committee when it sat here in New York that that telegram was signed Essary is because he had forgotten. Is there any other reason?

Mr. ELLIS. I am not testifying for Mr. Hutton. I do not know what he thought or what he remembered or what he recalled.

Mr. WHIPPLE. Very well. We will leave it that he saw it. Where is Mr. Hutton?

Mr. ELLIS. Mr. Hutton is in South Carolina about this time.

Mr. WHIPPLE. On his way to Palm Beach?

Mr. ELLIS. On his way to Palm Beach.

Mr. WHIPPLE. Is he a nervous wreck, too?

Mr. ELLIS. No. Mr. Hutton chartered a house boat about a month ago and he stayed over while this committee was calling him; and when he thought that the situation, that is, so far as his testimony, was over, he went to Palm Beach.

Mr. WHIPPLE. When did he start?

Mr. ELLIS. Yesterday at 3 o'clock.

Mr. CHIPERFIELD. If this committee does not adjourn it will cause a dissolution of the firm of Hutton & Co.

Mr. ELLIS. We are taking advantage of a quiet market to get a little rest.

Mr. CHIPERFIELD. And also of the committee.

Mr. ELLIS. No; we are not taking advantage of the committee.

Mr. WHIPPLE. I do not think Mr. Hutton had been dismissed by the committee but that will be a matter to be dealt with in executive session. You have suggested that this committee might call the physicians of your partner Barrett and ascertain about his condition.

Has it ever occurred to you that in view of the fact that your firm is now actually proved to have received advance information of the President's note on December 20 from two sources, one Essary, directly over your private wire, and the other one Price, through Chicago and one of your correspondents, that your partner Barrett telegraphed that he was "selling stocks again" two hours before you gave out your Washington telegram, that there might be some duty on you and your firm to call physicians here to convince this committee—

Mr. ELLIS (interposing). It never occurred to me.

Mr. WHIPPLE (continuing). That Mr. Barrett was really sick and not merely conveniently ill?

Mr. ELLIS. It never has occurred to me, and if the committee would like to know Mr. Barrett's condition from his own physician, Mr. Clark, I think he could be reached by telephone very quickly.

Mr. WHIPPLE. Now, it was your suggestion that the committee should call his physician, and I am asking you if you had ever recognized a duty on the part of your firm to try to convince this committee, in view of the conditions and the situation in which your firm finds itself, that Mr. Barrett and its other members are dealing in good faith with the committee in these matters. Has not that occurred to you?

Mr. ELLIS. No.

Mr. WHIPPLE. Perhaps it will if you are given time for recollection.

Mr. FOSTER. I think it has appeared from the testimony that has been given by certain of these firms and the men in Washington connected with this, that there is good reason why they should all suddenly become so ill and it should be necessary to depart for some other country to recuperate their health, and that they must have had a nervous breakdown and be a wreck.

Mr. CHIPERFIELD. Possibly a conscientious twinge.

Mr. WHIPPLE. Well, that they could just as well have in New York. They did not need to go South to have a conscientious twinge.

Mr. CHIPERFIELD. New York does not seem to be favored in that particular in certain localities.

The CHAIRMAN. Was Essary ever over here to confer with any member of your firm about news matters?

Mr. ELLIS. No, sir. I never knew the man until I met him in Washington.

The CHAIRMAN. You never laid eyes on him until you saw him there?

Mr. ELLIS. No, sir.

The CHAIRMAN. And yet you knew that he was authorized to go into your private wire from Connolly to your firm and send in items of news?

Mr. ELLIS. No; I did not know that.

The CHAIRMAN. I thought you testified over there that you knew it was authoritative when you received a message signed Essary?

Mr. ELLIS. I did not mean to testify that way. I had received one or two messages previous to this time signed Essary, so I assumed he was a friend of Connolly's sending news to New York.

The CHAIRMAN. You knew that it was *ex cathedra*, so to speak, whenever a message came from him? You knew it was good news?

Mr. ELLIS. I took it as being reliable, yes. I used it for gossip on the wire.

The CHAIRMAN. Do you know whether any other member of your firm knew Essary or not?

Mr. ELLIS. I am quite sure they did not.

The CHAIRMAN. I believe that is all.

Mr. FOSTER. Did you pay Mr. Essary anything for sending this telegram?

Mr. ELLIS. No, sir.

Mr. FOSTER. Or make him any presents, any Christmas presents?

Mr. ELLIS. Not a thing of any kind, form or nature.

Mr. FOSTER. Did you have any understanding with him in reference to sending these telegrams?

Mr. ELLIS. Absolutely not.

Mr. FOSTER. That is all.

Mr. POU. Mr. Ellis, what did the doctor say? Was there any specific illness that Mr. Barrett had?

Mr. ELLIS. Mr. Barrett's heart is in a very weak condition.

Mr. POU. And you say that at one time his condition was such that he could not have been carried out except on a stretcher?

Mr. ELLIS. That is second-hand information from Mr. Hutton. I might say that Mr. Hutton also thought his condition was serious

enough to bring in his own physician, Dr. Ely, so that he could be advised of his condition. He was very fearful that Mr. Barrett might not pull through.

Mr. GARRETT. How long has Mr. Barrett been with the firm?

Mr. ELLIS. Four or five years.

Mr. POU. Has he suffered with this same trouble before this?

Mr. ELLIS. I can not say that he has.

Mr. CAMPBELL. Mr. Ellis, did Mr. Essary carry an account with you, directly or indirectly?

Mr. ELLIS. Not directly; and I would not know if he had one with Connolly. Connolly could give you that information. But I am quite sure that he never had an account with us—positive.

Mr. CAMPBELL. Has it been called to your attention that of all the brokerage houses in Washington none of them had the slightest intimation that there was to be a peace note from the White House or from the State Department except the firm of F. A. Connolly & Co on the 20th of December—your correspondent?

Mr. ELLIS. I can not say that it has been recalled; no, Mr. Campbell.

Mr. CAMPBELL. The development of the testimony in Washington did not reach you that disclosed that fact?

Mr. ELLIS. I read the newspaper reports of the meetings of the committee and what there was contained in them, but I do not recall.

Mr. CAMPBELL. Don't you think it is rather singular that your correspondent in Washington should be the only brokerage house in that city that should have any intimation whatever of this note?

Mr. ELLIS. I would not say so. There are four or five other houses.

Mr. CAMPBELL. Oh, there are four or five other houses that had absolutely no intimation whatever that the President was going to issue any such note?

Mr. ELLIS. I do not know the reason for it.

Mr. CAMPBELL. You think it is rather singular now?

Mr. ELLIS. I do, now that you have called it to my attention.

Mr. CAMPBELL. So you do not think it strange that the committee should press the firm of Hutton & Co. for all the information they have—

Mr. ELLIS (interposing). No. We are very glad to give you all that we have.

Mr. CAMPBELL (continuing). And appear to be concealing from the committee?

Mr. ELLIS. We are not concealing anything, Mr. Campbell. We are trying to give you all the information we have concerning this so-called message, our records, our transactions with Connolly and our other customers.

Mr. CAMPBELL. So we have been told.

Mr. ELLIS. It is an open book to you.

Mr. CAMPBELL. So we have been told, but we have had to go elsewhere to get information that we should have gotten from Hutton & Co.'s office.

Mr. ELLIS. I do not know what you refer to unless it is the three telegrams.

Mr. CAMPBELL. I refer first of all to the telegram from Curtis to Barrett, and, second, to Barrett's telegram to Curtis.

Mr. ELLIS. If Mr. Barrett had been able to appear before the committee he undoubtedly would have been very glad to give you his recollection as to those telegrams. As I did not see them, I could not testify to them.

Mr. CAMPBELL. It is very unfortunate that he is very ill.

Mr. ELLIS. It is very unfortunate.

Mr. CAMPBELL. That is all.

Mr. BENNET. Mr. Ellis, will you pardon me a rather direct question. As an intelligent man who has kept up with the testimony, I think you recognize that there has been, to put it mildly, some conflict of testimony between Mr. Connolly and Mr. Essary, and that your partner Mr. Hutton sat in the hearing room and heard Mr. Connolly testify that he wrote the telegram, knowing all the while, as you have testified by inference, that the telegram had been sent by Mr. Essary. That raises a question in my mind on which I wish to ask you a direct question.

Your telegraphers also testified, and they were apparently men of repute, that none of them received this so-called Essary telegram from Washington. Without commenting on the testimony of Mr. Roper, it might be said that it is opposed to the testimony of the men in whom you have confidence here, whom you employed.

Now, I want to ask you, in view of the situation of the record, to search your recollection and tell this committee frankly whether it is not a fact that the foundation for your own telegram was not a telephone—that is, the telegram to “Rod and all”—was not in fact a communication which came to you in some other way than over the wire of Connolly & Co.?

Mr. ELLIS. Absolutely not. The message that I sent out was taken from the so-called Essary message addressed to me that came from our Washington wire. That is my belief. I did not take it off the wire, but it was handed to me by one of our employees, and I used that to send my message, and repeated it, the important part of it, and very likely condensed it somewhat to save wire space. We usually do that. We eliminate the unimportant words because our wires are very busy. A long message prevents the sending of orders and reports and other most important things to us.

Mr. BENNET. Do you have any way of accounting for the fact that your own apparently very reliable telegraph men unanimously declare two things, first, that if a message of that importance had come over their wire they would have remembered it, and second, that to the best of their recollection it came from neither the private Connolly wire nor the general southern wire?

Mr. ELLIS. Mr. Becker has been asked to explain his testimony.

Mr. BENNET. I am asking you now if you have any personal explanation of that fact that your own men have testified to?

Mr. ELLIS. Will you read the question?

(The question was read.)

Mr. ELLIS. What their recollection is or how it came, I do not know. Mr. Becker's testimony, I think, will be even difficult for him to explain.

Mr. BENNET. Well, as a matter of fact, you have no way of reconciling his present testimony that no message like that ever came over the wire and your testimony that you had such a message and used

it as the basis of another message? If his testimony stands unchanged your testimony is rather diametrically opposite?

Mr. ELLIS. I know mine is correct, and I think he is very doubtful about his.

Mr. BENNET. That is all.

Mr. HARRISON. Is Mr. Becker still in the employ of your firm?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. Is that all, gentlemen?

Mr. FOSTER. Just one question. As I remember the telegram from Washington to your firm giving you the facts as they understood them in reference to a peace note, and their telegram indicating that you had made this public, they then sent your firm a telegram asking you why, with some adjective applied to it, why you violated their confidence—that is, from Chicago. Do you recall that?

Mr. ELLIS. Yes, sir.

Mr. FOSTER. I would like to ask, if it is not out of the way, why it was that under those circumstances that use was made of the telegram that was sent by—as I remember it—Clement & Co., in Chicago?

Mr. ELLIS. I do not fix the time. As I testified, I was under the impression that we had the message from Washington on that same subject, and when I wired Clement in answer to his telegram that we had Washington advices, that the Essary message had been received. Either that or that the gossip current in our office gave me that impression. Somewhere in the middle of the day. I could not fix the time. I do not recall it. It was so long ago. I was very busy. If I told you that I received a message at 1.35, unless there was some good reason for my remembering it, I could not say so truthfully.

Mr. FOSTER. These telegrams sent from Chicago from Clement & Co. did not make such an impression on you at the time that you remember it clearly, as to receiving all these telegrams?

Mr. ELLIS. No; it did not.

Mr. FOSTER. Don't you think it is rather strange that important information received from the Stock Exchange—that is, it was not on the Stock Exchange, but by your firm—don't you think it is rather peculiar that nobody remembered it?

Mr. ELLIS. Not in view of the circumstances at that particular time. We were very busy in a big market, with a great many things to do and a great many things to think about. We were borrowing a lot of money, as I testified before, and we had to make arrangements every day for that. There were so many arrangements going on we could not remember it.

Mr. FOSTER. Is it not rather strange that with so much taking place on that day, you being so busy and the members of your firm being so busy, with these transactions and telegrams, that when your mind is refreshed, as it would be in this case, that you or the members of your firm apparently have not been able to fix clearly in mind much about it?

Mr. ELLIS. If it had been on a quiet day in the market, such as to-day, we would probably have a better recollection.

Mr. FOSTER. Well, would not the fact that it was an unusual day in the market fix those things in your mind?

Mr. ELLIS. No. There are a good many days when 3 o'clock comes and I do not realize that I have gone without my lunch, and

that is usually your first consideration. We take it when we can get it.

Mr. FOSTER. But it was these very things that come up at that time that made it a very busy day for you, was it not?

Mr. ELLIS. Not this one particular thing. There were many other matters too.

Mr. FOSTER. When you got these telegrams did you not get busy?

Mr. ELLIS. No; we had been very busy for several days.

Mr. FOSTER. Were you not a little extra busy on this day?

Mr. ELLIS. Not that I recall. I think the next day I was. I am quite sure I was the next day.

Mr. FOSTER. So that your transactions were quite large these days?

Mr. ELLIS. Oh, yes, undoubtedly. Our boys were there until 1 or 2 o'clock in the morning trying to catch up on our business. We had too much business. We were burdened with it.

Mr. FOSTER. Were you unusually heavy in buying and selling that day?

Mr. ELLIS. Not that I know of. I am quite positive I was not.

Mr. FOSTER. For yourself?

Mr. ELLIS. For myself.

Mr. FOSTER. You are quite sure?

Mr. ELLIS. Quite sure.

Mr. FOSTER. That is all, I think.

Mr. CANTRILL. Mr. Ellis, when did Mr. Hutton leave New York?

Mr. ELLIS. Yesterday at 3.30.

Mr. CANTRILL. Where is he now?

Mr. ELLIS. Somewhere between here and Palm Beach.

Mr. CANTRILL. When did Mr. Barrett leave New York?

Mr. ELLIS. I could not say. I do not know the date, but about——

Mr. CHIPERFIELD (interposing). Speak just a little louder.

Mr. ELLIS. Mr. Barrett left New York, I think, four or five or six days ago. I do not recall the date.

Mr. CANTRILL. Where is he now?

Mr. ELLIS. He is in Memphis.

Mr. CANTRILL. Mr. Barrett has been in New York since you testified in Washington.

Mr. ELLIS. Yes, sir; but I have not seen him.

Mr. CANTRILL. That is all.

Mr. WHIPPLE. Mr. Chairman and gentlemen, it only came to my attention when I was questioning this witness that Mr. Hutton went away yesterday. I had telephoned to his office to have his presence here, and while I was examining this witness the reply came that he had left last night for Palm Beach.

As I remember it, Mr. Hutton had not finally been dismissed. It was understood that he should be available. I was astounded to find that he had left without at least notifying the committee and asking whether they would require his attendance further. The committee now are confronted with this somewhat startling situation. Connolly came on the stand in New York and testified that he and he alone was the author of this telegram, which subsequently it was proved he was not the author of. He testified in the presence of Mr. Hutton, or at least Mr. Hutton was in attendance upon the trial, and that fact can not have escaped his attention. It appears now from the testimony of this witness that Mr. Hutton himself must have seen

this telegram signed "Essary." Therefore, the inference seems to be a legitimate one that Mr. Hutton knew when he heard Connolly's testimony that Connolly was testifying to what was not the truth, and therefore he did not frankly inform this committee of the misstatement which was being foisted upon them by the witness who had testified.

It was advertised some time ago that this committee would resume sittings in New York this morning, and Mr. Hutton has found it convenient for him yesterday to start for the South. If he were here—especially in view of the professions of the different members of this firm as to frankness and endeavors to aid the committee—he might aid the committee in staying here; when he heard that falsehood stated before the committee he did not challenge it himself and say that he remembered that he saw the telegram in question and that it was signed by a man by the name of Essary. At all events, when Mr. Hutton is here to make his explanations his partner is in the South, and now that the partner has come back to make his for Mr. Hutton, Mr. Hutton is in the South.

I would suggest that it would be certainly within the power of the committee, and the committee might feel that it was their duty, to see that Mr. Hutton was summoned back from this trip which he started yesterday afternoon to explain to the committee why, if he knew, with regard to Connolly's testimony, the facts which at least would affect its verity, he did not show that it was the opposite of the truth and why he did not make the disclosure to the committee.

It appears also that Mr. Barrett, whose testimony might be very helpful with regard to that telegram, showing that he himself was selling stocks for a period of two hours before they gave notice to their customers to enable them to sell, has also left the city. He could give important information to the committee. Whether it seems best to require his attendance before this committee I have no opinion to offer, except if we are to do anything with regard to Hutton's coming back I assume the more promptly we act the sooner he could come back.

Mr. ELLIS. Mr. Chairman, may I say a word?

The CHAIRMAN. Yes.

Mr. ELLIS. Mr. Hutton had his transportation engaged for last Wednesday night. When I returned from Washington on Tuesday I asked him to hold over. He gave up his accommodations and had not any definite time fixed in his mind as to when he would go away. Previous to my going to Washington Mr. Hutton chartered a house boat. Going back two or three months ago, Mr. Hutton was not in the office for a period of six weeks, and previous to that about another month, on account of his condition. I told him Wednesday to try and get away, not with any idea that you would ever want him again. I thought Mr. Hutton's testimony was complete. I did not think that mine was. I did not know that the committee was going to sit in New York, and I wired Washington yesterday as to whether this committee was going to meet in New York, so Mr. Hutton would know if his presence was needed on Wednesday here, and if he had known that his presence was needed to-day he would not have gone away. He had the opportunity to go with some of his friends yesterday on a private car, and that gave him the opportunity to go down there and utilize the charter which he has had at

a very considerable rate for two months, and he is to-day on his way down there.

Mr. PATTEN. Do Mr. Hutton and yourself realize the serious character of this inquiry?

Mr. ELLIS. I am only explaining——

Mr. PATTEN (interposing). To whom did you telegraph yesterday in regard to this committee sitting here in New York?

Mr. ELLIS. I telegraphed yesterday to Mr. Connolly to ask him if the committee would sit in New York on Wednesday.

Mr. PATTEN. What does he know about when the committee will sit in New York?

Mr. ELLIS. Why should I know?

Mr. PATTEN. Why did you not telegraph to the chairman of the committee?

Mr. ELLIS. I did not know how to reach the chairman. That was a most natural way, to ask my representative in Washington to get the information.

Mr. PATTEN. And he did not get that information?

Mr. ELLIS. I did not get a reply yesterday.

The CHAIRMAN. You know that it was announced in the papers positively——

Mr. ELLIS (interposing). I understood that they were—that is, I heard a newspaper report that they would.

The CHAIRMAN. And the printed record would also show that, that we adjourned to resume our sessions in New York on to-day?

Mr. ELLIS. I thought it was yesterday, and when you did not appear here I wired Washington to find out when the committee would come to New York. Mr. Hutton is on his way to Long Keys—not to Palm Beach, although he will pass through Palm Beach—and he will be on this house-boat, and if the committee want Mr. Hutton's presence, I would make this suggestion if it be in order now, because when he gets there I do not know where he is going. In other words, he would not be available on call. I could not reach him myself.

The CHAIRMAN. It is very important to have him here and also to have your other partner. This is highly important testimony.

Mr. CHIPERFIELD. I suggest that it is highly important to their firm as well.

The CHAIRMAN. Of course it is highly important to everybody. Mr. Barrett's presence is most necessary. Has Mr. Barrett been back to the office since the committee has adjourned?

Mr. ELLIS. No, sir; he has not, and I have not seen him.

Mr. CANTRILL. He has been back in New York since you testified in Washington?

Mr. ELLIS. He was in New York when I testified in Washington. He lives in New York, and he left here and went to Memphis, which is his home, on account of his family situation which he has down there.

The CHAIRMAN. We had better take this matter up in executive session.

Mr. CANTRILL. It seems to me, Mr. Chairman, that this committee is confronted with a situation here that we ought to meet promptly and firmly and publicly. I would suggest that the committee now immediately take action as to having these witnesses brought before

this committee. I think it will have a good effect, and I see no reason for taking it up in executive session. I am perfectly willing to leave it entirely with the counsel, that if the counsel deems that these witnesses are needed, that this committee here, now and publicly, authorize the Sergeant at Arms of the House to get these men and bring them before the committee, regardless of where they are—if in the judgment of the counsel they are needed to get the facts of this investigation: and I make that motion.

Mr. FOSTER. I move that it be postponed until the matter can be taken up—until counsel has time to consider the matter.

Mr. CANTRILL. To leave it with the judgment of the counsel. I think public action ought to be taken. I think it will have a good effect on the conduct of this investigation.

The CHAIRMAN. I might suggest that, in view of the fact that some of us do not remember the record very distinctly about just what we said to Mr. Hutton, the committee might want to talk it over a little further before we take action.

Mr. FOSTER. I move the question be postponed for further consideration.

Mr. ELLIS. He left under the impression that he was excused.

The CHAIRMAN. I am not sure that we probably did not give Mr. Hutton the impression that he was excused. I am not certain about that in my own mind, and I would like to examine the record.

Mr. CANTRILL. I understood the counsel to say that he was not excused.

Mr. HARRISON. He was not sure about that.

Mr. POW. Won't you undertake to bring Mr. Hutton back here yourself?

Mr. ELLIS. Oh, yes; I will try to communicate with him on the train.

Mr. CHIPERFIELD. Would not he be nearly to Palm Beach now?

Mr. ELLIS. I think he would be somewhere near Savannah.

The CHAIRMAN (reading).

You may stand aside. The committee might need you again. You are going to remain in town?

Mr. HUTTON. I will stay right here.

The CHAIRMAN. You are excused until we might need you.

It seems to me that that is the last thing we said to Mr. Hutton.

Mr. WHIPPLE. That is page 676.

The CHAIRMAN. Mr. Adams came on immediately after he did the first time.

Mr. GARRETT. Page 713 is the last page that is noted on the index here. What does that say?

Mr. CANTRILL. Mr. Chairman, there are other witnesses here waiting to be examined, and I do not want to discommode the other witnesses, because they are all busy men, and I will temporarily withdraw the motion.

Mr. POW. It seems to me that the matter can be simplified. I understand Mr. Ellis to say that if in the judgment of the committee we wanted Mr. Hutton he will undertake to bring him back.

Mr. ELLIS. If it is imperative that he shall come back. He went away with the impression that his testimony was over, and I assumed that mine was not, and I assumed that I was in position to give any information that you wanted. Of course, if there is anything im-

portant, any documents or any records or any communication, ours is an open book, and we shall be very glad to help you.

Mr. BENNET. I renew Mr. Cantrill's motion and ask that it be put.

Mr. HARRISON. He withdraws it.

The CHAIRMAN. Suppose we take that up a few minutes later and let Mr. Ellis stand aside temporarily. We will communicate with you in a short while. You need not stay here, but you will be in reach?

Mr. ELLIS. Yes, sir; I will be in reach.

Mr. HARRISON. Mr. Whipple, you have all of the accounts, haven't you, of this firm?

Mr. WHIPPLE. Yes.

TESTIMONY OF MR. HARRY CONTENT.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, Mr. Content.

Mr. CONTENT. Harry Content.

Mr. WHIPPLE. You reside in New York?

Mr. CONTENT. New York; yes.

Mr. WHIPPLE. And your business is that of stock broker.

Mr. CONTENT. 111 Broadway.

Mr. WHIPPLE. What is the name of your firm?

Mr. CONTENT. H. Content & Co.

Mr. WHIPPLE. Of whom does that consist?

Mr. CONTENT. It consists of Harry Content, Walter Content and Albert M. Wittenberg.

Mr. WHIPPLE. How long have you been in business as a stock broker?

Mr. CONTENT. Thirty years.

Mr. WHIPPLE. You are a stock exchange house?

Mr. CONTENT. Yes, sir.

Mr. WHIPPLE. Owning a seat on the New York Stock Exchange, or perhaps more than one?

Mr. CONTENT. Two seats.

Mr. WHIPPLE. Who is what is called the board member?

Mr. CONTENT. My brother Walter Content is more so than I am now.

Mr. WHIPPLE. That has not always been so.

Mr. CONTENT. No. I will go when we are busy—I go on.

Mr. WHIPPLE. Formerly you did more work than he did?

Mr. CONTENT. I did most of the work.

Mr. WHIPPLE. What is the general character of the business that your firm has done in the last year?

Mr. CONTENT. In the last year our business has not been as large as it was before. We used to have a Boston connection which was very large, and we cut that out about two or two and a half years ago.

Mr. WHIPPLE. I do not want to go into your business affairs in any way, except as to their general character. Let me ask you this: Are you a leased wire-house, so-called?

Mr. CONTENT. No; we have no wires.

Mr. WHIPPLE. Most of your customers are New Yorkers?

Mr. CONTENT. New Yorkers.

Mr. WHIPPLE. And you have no wires running out into country districts?

Mr. CONTENT. No; none at all.

Mr. WHIPPLE. I now direct your attention to a period during last December, and I will ask you, first, whether, so far as you know, among your customers there was any public official or any person in official life in the service of the United States, either Cabinet Member, Senator, Congressman, any head of department or any employee in any department in Washington or elsewhere?

Mr. CONTENT. Absolutely none.

Mr. WHIPPLE. None that you can identify as such?

Mr. CONTENT. No, sir.

Mr. WHIPPLE. Had you any dealings during December with the firm of Hutton & Co. or any of its members?

Mr. CONTENT. You mean business for them?

Mr. WHIPPLE. Yes.

Mr. CONTENT. No.

Mr. WHIPPLE. Or with them in any way?

Mr. CONTENT. No.

Mr. WHIPPLE. Then you carried no account for Hutton & Co.?

Mr. CONTENT. No.

Mr. WHIPPLE. You executed no orders for them or any member of the firm?

Mr. CONTENT. No, sir.

Mr. WHIPPLE. Now, during the week beginning Monday, December 18, did your firm receive any messages or information from any source as to any affairs or events in Washington?

Mr. CONTENT. No, sir.

Mr. WHIPPLE. Have you any means of securing private information or information of any sort from Washington as to events there transpiring?

Mr. CONTENT. No, sir; no more than the ticker service.

Mr. WHIPPLE. You have the ticker service?

Mr. CONTENT. Yes, sir; the ticker news.

Mr. WHIPPLE. And depend for your information entirely upon that service?

Mr. CONTENT. Yes, sir.

Mr. WHIPPLE. Therefore you have in your possession no messages other than those coming on the ticker service?

Mr. CONTENT. No, sir.

Mr. WHIPPLE. Covering any part of that week?

Mr. CONTENT. No, sir.

Mr. WHIPPLE. I am going to ask you in general as to whether your bank loans, during the week that I have just referred to or, indeed, during December, exceeded the general run of your loans for the year?

Mr. CONTENT. No; our loans have been low for a long while and during the month of December I do not think that our loans varied—without looking through the record—I think one day nearly a million dollars, but our loans did not vary a half million dollars during the whole month of December.

Mr. WHIPPLE. Will you state to the committee the gross number of shares held for long account and the gross number of shares sold for short account for your customers?

Mr. CONTENT. That is impossible.

Mr. WHIPPLE. You can not state that?

Mr. CONTENT. No, sir.

Mr. WHIPPLE. At any time during the week?

Mr. CONTENT. That would be impossible. I mean because our accounts vary very little, and it would be almost impossible to make up every night how our customers stood. The only way we could do it would be to show by our loans. We have in a man's account stocks running from \$500 a share to \$2 a share, and it would take months to make that up for each night.

Mr. WHIPPLE. What the committee would like to get at is whether your customers, generally speaking, were long of the market or short?

Mr. CONTENT. Most of our customers were long of the market.

Mr. WHIPPLE. Can you state the number of shares of different active clearing-house stocks purchased and sold daily during that week?

Mr. CONTENT. I could give it to you, but I think it is immaterial. We had no very large business during those two weeks that you speak of. I have an assistant here and I will see if I can furnish that information for you now.

Mr. WHIPPLE. Perhaps your answer will be sufficient on that point, Mr. Content, if you say you had no especially active accounts during that week?

Mr. CONTENT. No; we did not.

Mr. WHIPPLE. How large were the accounts or dealings of your larger customers? Take some of the accounts, without giving the names, and state how large they were and something as to their general character and description.

Mr. CONTENT. I see my account in here, and a few other accounts. My office on December 18 was possibly about 8,000 short only and probably long of about 100,000 shares—I mean, of different stocks.

Mr. WHIPPLE. Long about 100,000 and short about 8,000?

Mr. CONTENT. Yes. Now, on December 18—if that is what you want, of the largest active stocks on December 18—we bought about 47,000 shares and sold 46,000 shares. Now, I would like to explain that to the Committee. We have about 10 members on the stock exchange, who are members of the stock exchange, and we do not know what they do until they send their reports to us. Those reports come in to us. They are floor traders, and all of that is included in this; so looked at from that, it looks large.

Mr. WHIPPLE. What are floor traders?

Mr. CONTENT. Men who buy and sell for themselves only.

Mr. WHIPPLE. Is that included?

Mr. CONTENT. That is included, apparently.

Mr. WHIPPLE. Did you employ the floor traders yourself?

Mr. CONTENT. No; for their own account. We simply act as their bankers.

Mr. WHIPPLE. If you will explain that to the committee a little more fully I will appreciate it.

Mr. CONTENT. I think they understand. For instance, John Brown is a member of the stock exchange and he buys 500 Anaconda at 87 and sells it at 87½; he simply reports that to us, and we get \$1 per 100 for clearing it; we put it through for him.

Mr. BENNET. That simply means that they clear through you?

Mr. CONTENT. Yes. They buy at a profit or loss, and are probably even at night.

Mr. WHIPPLE. And they clear through you?

Mr. CONTENT. Yes, sir.

Mr. WHIPPLE. So you get credit for doing the business?

Mr. CONTENT. Yes. I think that is all included here.

Mr. WHIPPLE. But you only get \$1 a hundred?

Mr. CONTENT. Yes, sir.

Mr. WHIPPLE. Whereas if you really did it, it would be \$12.50?

Mr. CONTENT. Yes, sir; if we did it for an outsider. On the 19th they bought 29,000 and some odd hundred and sold 38,000; on the 20th, 35,000 bought and 34,000 sold; on the 21st, 25,000 bought and 32,000 sold; on the 22d, 31,000 bought and 41,000 sold.

Mr. WHIPPLE. That is the total for the week?

Mr. CONTENT. Yes.

Mr. WHIPPLE. Was there any of that sort of selling that has been called short selling and covering during the week in any substantial amount?

Mr. CONTENT. No substantial amount, no.

Mr. WHIPPLE. But there always is during the week some short selling and covering, where there is a fluctuation?

Mr. CONTENT. Well, I do not think that there is anything that amounts to anything. You see, our accounts are divided, and he is probably giving here 150 accounts that run all the way down like this. I mean there is not——

Mr. WHIPPLE (interposing). Well, we only want to get the larger accounts.

Mr. CONTENT. Well, I thought that would finish it up quickly.

Mr. WHIPPLE. How large, speaking generally, were the transactions in your largest account that week?

Mr. CONTENT. Probably for a few days they were my own.

Mr. WHIPPLE. How large were your dealings that week?

Mr. CONTENT. Very good the first part of the week, but very bad shortly afterwards.

Mr. WHIPPLE. Speaking generally, Mr. Content?

Mr. CONTENT. What dates do you want?

Mr. WHIPPLE. Well, more particularly the 21st and 22d of December, but if you have them right at hand and can give them readily you could take a longer period.

Mr. CONTENT. You see these dates are one day later because these are taken from a ledger.

Mr. WHIPPLE. On the actual dates?

Mr. CONTENT. What dates do you want?

Mr. WHIPPLE. Take the 18th and run right through.

Mr. CONTENT. On the 18th, nothing. I sold 2,500 Anaconda on that day, and 1,200 Central Leather. That was short, I guess. On the 19th I bought 1,900 Central Leather, 4,700 Steel, and 1,500 Reading, and a few odds and ends.

Mr. WHIPPLE. Did you sell anything?

Mr. CONTENT. Yes; I sold 1,700 Central Leather, 1,500 Steel, and a few odds and ends.

Mr. WHIPPLE. On the 19th?

Mr. CONTENT. That would be the 20th. On the 20th I bought 7,400 Steel, and sold 6,900. So that was simply trading. On the

21st I bought 2,300 Kennecott and sold 1,900; on the 21st I bought 8,600 Steel and sold those out before the close of the day.

Mr. WHIPPLE. In and out?

Mr. CONTENT. Yes, sir.

Mr. WHIPPLE. Did you make money as a result of your transactions in the market up to the 21st?

Mr. CONTENT. I think up to the 21st I made some money. I know I did, because I was short of stocks for a month. On the 21st I think I lost about \$35,000, roughly estimating, because I got long of the market, and when I got Lansing's word that we were on the verge of war I did not want to take them home, and that accounts for selling out. That is a frank and true statement.

The CHAIRMAN. You did not seem to have Mr. Hutton's tip.

Mr. CONTENT. No; I did not have any tip. I was in the board that day.

Mr. WHIPPLE. Did anyone in your office, or did you, have any advance information with reference to the President issuing a peace note, so called?

Mr. CONTENT. No.

Mr. WHIPPLE. At any time during that week?

Mr. CONTENT. No.

Mr. WHIPPLE. When did you first know about it?

Mr. CONTENT. Only when it came in on the ticker. My recollection is that it came in on the ticker some time in the morning, that he was going to issue some sort of a note.

Mr. WHIPPLE. About 2 o'clock?

Mr. CONTENT. I do not know.

Mr. WHIPPLE. 2.05, was it not?

Mr. CONTENT. I do not remember, but it came out and announced he was going to give out some sort of a message.

Mr. WHIPPLE. That was, so far as the committee has any evidence, at 2.05 on the 20th.

Mr. CONTENT. Well, I do not know. I was in the board. I probably got it over the telephone from some of the people.

Mr. WHIPPLE. You had no knowledge before that?

Mr. CONTENT. No.

Mr. WHIPPLE. Or information?

Mr. CONTENT. No.

Mr. WHIPPLE. Now, give us some of the other large accounts.

Mr. CONTENT. You gentlemen have a copy of Mr. Baruch's account.

Mr. WHIPPLE. Yes.

Mr. CONTENT. Which, at that time, or maybe during that week, was very small. But you have that.

Mr. WHIPPLE. Yes. I think Mr. Lawson at sometime testified that you were one of his brokers.

Mr. CONTENT. Yes; we did some business for Mr. Lawson during that week.

Mr. WHIPPLE. What was there in his transactions indicating or not indicating that he had advance information of something happening in Washington?

Mr. CONTENT. I do not think his account would indicate that he had any advance information.

Mr. WHIPPLE. Would you be willing to state practically what his account was or the character of it?

Mr. CONTENT. What dates would you like?

Mr. WHIPPLE. Beginning with the 18th and running to the 21st. I speak of Mr. Lawson because I think he mentioned it somewhat publicly, and spoke of you as having his account.

Mr. CONTENT. Yes; otherwise I would not want to give his account.

Mr. BENNET. Mr. Lawson said he would be perfectly willing to have his account spread on the record.

Mr. CONTENT. What day was the 19th?

Mr. WHIPPLE. The 18th was Monday.

Mr. CAMPBELL. It would show on Tuesday the 19th, I suppose.

Mr. BENNET. The 17th was Sunday.

Mr. CONTENT. I will begin with the 18th. On the 18th we had no transactions with him, apparently. On the 19th his account shows that he bought 2,100 shares.

Mr. CHIPERFIELD. Of what?

Mr. CONTENT. Oh, different stocks.

Mr. CHIPERFIELD. I am interested to know what stocks.

Mr. CONTENT. You can know. 300 Alcohol; 1,000 Chile Copper, and 500 Smelters.

Mr. WHIPPLE. That was what date?

Mr. CONTENT. That was done on the 19th.

Mr. CHIPERFIELD. How many Smelters?

Mr. CONTENT. Five hundred. On the 21st he bought 3,000 Steel.

Mr. BENNET. How about the 20th?

Mr. CONTENT. There is nothing here. You see this was posted on the 22d, but that was done on the 21st. I am giving you the 21st.

Mr. BENNET. You are giving us the clearing house dates.

Mr. CONTENT. I am giving you the date it was done, as I believe that is what you want.

Mr. BENNET. Yes.

Mr. CONTENT. On the 19th he sold 300 Marine preferred, 300 Alcohol, and 500 Utah; on the 20th he sold 500 Chile and 2,000 Steel.

Mr. WHIPPLE. That is an actual sale?

Mr. CONTENT. An actual sale?

Mr. WHIPPLE. Yes.

Mr. CONTENT. All sales are actual.

Mr. WHIPPLE. What I mean is actual on that date. You have been uncertain about some of the dates.

Mr. CONTENT. I am giving you what was posted on the 21st, and that shows what was done on the 20th. On the 21st he sold 1,000 Steel, 300 Alcohol and 500 Utah.

Mr. FOSTER. That is not a big transaction?

Mr. CONTENT. No.

The CHAIRMAN. Is Lawson a member of the New York Stock Exchange?

Mr. CONTENT. No, sir.

The CHAIRMAN. Why not?

Mr. CONTENT. I do not know; I can not answer that question.

The CHAIRMAN. I wanted to know if you knew. Was he ever a member?

Mr. CONTENT. No, sir.

The CHAIRMAN. Why not?

Mr. CONTENT. Well, I do not know.

Mr. BENNET. Mr. Content, do you remember an occasion when Mr. Archibald White and Mr. Lawson met in your office?

Mr. CONTENT. Yes, sir.

Mr. BENNET. And you were also present?

Mr. CONTENT. Yes, sir.

Mr. BENNET. Do you remember the conversation that took place between the three of you?

Mr. CONTENT. Well, I do not remember the exact conversation. I was only in a part of the time.

Mr. BENNET. Do you remember the substance of it?

Mr. CONTENT. I know what it was about, yes.

Mr. BENNET. What was it about?

Mr. CONTENT. It was about an outside stock—a chemical stock.

Mr. BENNET. About the company that——

Mr. CONTENT (interposing). That White brought out?

Mr. BENNET. The Federal Co.

Mr. CONTENT. Yes; the Federal Dye & Chemical Co.

Mr. BENNET. The one that Mr. White floated or promoted?

Mr. CONTENT. Yes, sir.

Mr. BENNET. Will you state what the conversation was about?

Mr. CONTENT. Well, it was regarding the market for that stock. I had a slight interest in the stock.

Mr. BENNET. Was a request being made of Mr. White by Mr. Lawson?

Mr. CONTENT. How do you mean by request?

Mr. BENNET. You have simply said that the conversation was about this chemical stock?

Mr. CONTENT. Yes, sir.

Mr. BENNET. I was trying to get some of the features of the conversation.

Mr. CONTENT. I think he was trying to get Lawson to take a more substantial interest in it.

Mr. BENNET. Then your recollection is that he was trying to increase Mr. Lawson's interest in the company?

Mr. CONTENT. Something on that order.

Mr. BENNET. In the way of getting into a system of promotion, or to buy more stock?

Mr. CONTENT. Well, both.

Mr. BENNET. It was both?

Mr. CONTENT. Yes, sir.

Mr. BENNET. Do you remember anything Mr. Lawson said in response to this request on the part of Mr. White?

Mr. CONTENT. No, sir; I do not remember particularly.

Mr. BENNET. Did these gentlemen meet by prearrangement in your office?

Mr. CONTENT. Mr. Lawson was in my office and telephoned Mr. White if he would come over there.

Mr. BENNET. So it was not a casual coming over on Mr. White's part at all?

Mr. CONTENT. No. I do not think so at all, unless they agreed about the thing.

Mr. BENNET. Mr. White's testimony was that he came over to your office to see you and while he was having his interview with

you he learned that Mr. Lawson was in the office and that the resulting conversation was merely incidental and accidental.

Mr. CONTENT. Well, he may be right and I may be right. I mean to say that I can not remember positively how the appointment was made or whether he came over there to see me about it, because we did a little business in there with him, and it would be very hard to state whether there was an appointment made on the telephone or not. That would be the natural way to do it.

Mr. BENNET. Your recollection a moment ago was——

Mr. CONTENT (interposing). Well, when you recall that conversation, it may have been. I would not contradict it.

Mr. BENNET. I see. The only thing that remains clearly in your mind apparently is this——

Mr. CONTENT (interposing). I know they met there.

Mr. BENNET. You know they met there?

Mr. CONTENT. Yes; but how the appointment was made I do not know. I naturally would think it would be made by telephone.

Mr. BENNET. And they discussed Federal Steel?

Mr. CONTENT. Federal Chemical.

Mr. BENNET. Federal Chemical?

Mr. CONTENT. Yes, sir.

Mr. BENNET. And the features of the conversation that you remember is that Mr. White was attempting to get Mr. Lawson to increase——

Mr. CONTENT (interposing). To get other people interested.

Mr. BENNET. Well, that is what they sometimes call "to assist in the promotion or floatation" of an enterprise?

Mr. CONTENT. Probably.

Mr. BENNET. Do you recall, as another feature of the conversation, what Mr. Lawson finally said or did after this request on the part of Mr. White?

Mr. CONTENT. No, sir; I do not.

Mr. BENNET. You do not remember whether he promised to assist in the promotion or not?

Mr. CONTENT. No, sir; I do not; not after that.

Mr. BENNET. But you are very clear in your own mind that this request was made by Mr. White to Mr. Lawson to increase his interest?

Mr. CONTENT. Well, I know they talked about it; yes.

Mr. BENNET. Was that the only conversation they ever had in your office?

Mr. CONTENT. I think that is the only time they were in my office together.

Mr. BENNET. Are you sure about that?

Mr. CONTENT. No.

Mr. BENNET. So that if it should subsequently appear that they did have another conversation in your office you would not want us to understand that it was the opposite to what you have stated?

Mr. CONTENT. No; I could not state positively.

Mr. BENNET. That is all.

Mr. CHIPHERFIELD. Mr. Content, have you Mr. Lawson's accounts made out so as to give certain totals for certain days?

Mr. CONTENT. I just gave it to you.

Mr. CHIPHERFIELD. Will you read that question?

(The question was read.)

Mr. CONTENT. Yes, sir.

Mr. CHIPERFIELD. What days are covered?

Mr. CONTENT. This account covers from December 11 to December 22.

Mr. CHIPERFIELD. May I see the account?

Mr. CONTENT. I suppose it is in order for you to do it?

Mr. CHIPERFIELD. I beg your pardon?

Mr. CONTENT. Is it in order for you to do it?

The CHAIRMAN. Oh, yes.

Mr. CHIPERFIELD. Have you, appearing on this account where you could readily give it, the total transactions of Mr. Lawson for that period? How much?

Mr. CONTENT. It is right there.

Mr. CHIPERFIELD. I understand, but I do not want to give the figures. I want it given by yourself when I get to it.

Mr. CONTENT. Yes, sir.

Mr. CHIPERFIELD. Have you got the total transactions of the trading of Mr. Lawson, as to the total amount that he bought?

Mr. CONTENT. No; I have only got that there.

Mr. CHIPERFIELD. What is the total which is given on each side of this account?

Mr. CONTENT. I do not know without adding it.

Mr. CHIPERFIELD. Pass it back to him, if you please, Mr. Whipple.

The CHAIRMAN. You have got it for each day?

Mr. CONTENT. I will have my assistant add it up.

Mr. CHIPERFIELD. It will not disturb the gentleman while he is adding it up if I ask you another question?

Mr. CONTENT. No, sir.

Mr. CHIPERFIELD. All right. You have given certain transactions which were carried on by Content & Co. on the stock exchange and have given the totals of your transactions, in response to questions which were propounded to you by Mr. Whipple?

Mr. CONTENT. I have.

Mr. CHIPERFIELD. Does that include transactions, if any, which were placed by you or other brokerage houses?

Mr. CONTENT. It would.

Mr. CHIPERFIELD. Can you tell what part of those transactions were carried on by the firm of Content & Co., and what part were placed with other houses, if any?

Mr. CONTENT. We could tell what brokerage houses there were by going through our purchase and sales books and find who executed the orders.

Mr. CHIPERFIELD. Is the business which you have narrated to Mr. Whipple the total business of Content & Co.——

Mr. CONTENT (interposing). In stocks.

Mr. CHIPERFIELD (continuing). For the days for which inquiry was made?

Mr. CONTENT. Absolutely, but they are active stocks, such as Steel. We may borrow one hundred shares of Pullman or 300 shares of something else, but that is not active. Mr. Whipple asked for active stock.

Mr. CHIPERFIELD. But these are listed stocks of the stock exchange?

Mr. CONTENT. These other stocks are listed also.

Mr. CHIPERFIELD. I do not understand just how you divide stocks that are active and inactive, but have you anywhere a list of the transactions on the stock exchange in listed stocks that you carried at that particular time?

Mr. CONTENT. We could make it up from our purchase and sales books very easily, showing every transaction.

Mr. CHIPERFIELD. Let me inquire again. How do your operations for those days in the inactive stocks compare with the bulk of operations in the active stocks?

Mr. CONTENT. The active stocks are the greatest part of them.

Mr. CHIPERFIELD. Can you give any proportion?

Mr. CONTENT. I gave them to you, the active stocks.

Mr. CHIPERFIELD. I do not think you understand. Can you give any approximate proportion of the inactive stocks dealt in for that period to the active stocks by your firm?

Mr. CONTENT. Not without going over the books.

Mr. CHIPERFIELD. Profits can be made in inactive stocks precisely the same as in active stocks can they not?

Mr. CONTENT. Why, certainly.

Mr. CHIPERFIELD. What was the reason why you did not give the inactive stocks in this case, Mr. Content, if any?

Mr. CONTENT. No reason, excepting this: That our business during this time, during the two weeks that you are asking about, was very small, and we have nothing to conceal, nothing at all.

Mr. CHIPERFIELD. I do not infer that at all.

Mr. CONTENT. Your inference would say so.

Mr. CHIPERFIELD. I do not care what construction you put on my questions. I am particularly interested in replies.

Mr. CONTENT. And you will get them as fast as I can give them to you.

Mr. CHIPERFIELD. Go ahead. Will you produce for the inspection of this committee your total operations in the inactive stocks for that period?

Mr. CONTENT. Why, I will give your committee or any member of it the whole purchase and sales book in my office; and if they see anything in it that they want to look at, they are perfectly welcome to do so.

Mr. CHIPERFIELD. Perhaps you do not understand the purpose I have in mind in asking these questions. If not, I will disclose to you why I am asking these questions.

Mr. CONTENT. You may, and I will answer you.

Mr. CHIPERFIELD. I do not want it done totally as a favor. Do you know whether or not any of Mr. Lawson's dealings were in inactive stocks?

Mr. CONTENT. I do.

Mr. CHIPERFIELD. Are those——

Mr. CONTENT (interposing). All of Mr. Lawson's trades are on that paper I handed over to you.

Mr. CHIPERFIELD. Both active and inactive?

Mr. CONTENT. Yes, sir.

Mr. CHIPERFIELD. Then the question which I was about to propound to you as to whether or not his inactive trades are also given on the list is already answered. Your reply is that they are?

Mr. CONTENT. They are.

Mr. CHIPERFIELD. Have you the list totaled?

Mr. CONTENT. From the 9th to the 22d?

Mr. CHIPERFIELD. Yes.

Mr. CONTENT. The were 23,700 shares bought and 26,600 sold.

Mr. CHIPERFIELD. bout what was——

Mr. CONTENT (interposing). One minute. My assistant has totaled the sales on December 9. On December 9 there were 5,200 shares short. So that would show—he made it too much.

Mr. CHIPERFIELD. I do not catch that.

Mr. CONTENT. The sales were 21,100 shares.

Mr. CHIPERFIELD. You have carried into this last total the 5,200 shares that he was short on the 9th?

Mr. CONTENT. Yes, sir.

Mr. CHIPERFIELD. And the active operations for the period would be what?

Mr. CONTENT. Twenty-one thousand one hundred shares sold and 23,700 shares bought.

Mr. CHIPERFIELD. Have you sufficient data there whereby you could give what the total result of the operations would be for that period?

Mr. CONTENT. In money?

Mr. CHIPERFIELD. Yes.

Mr. CONTENT. The net gain between December 9 and December 19 would be about \$32,000.

Mr. CHIPERFIELD. Do you know whether or not Mr. Lawson dealt with any other firm of brokers during that period?

Mr. CONTENT. I do not.

Mr. CHIPERFIELD. Taking into consideration the rather comparatively small result of the operations, can you think of any reason why Mr. Lawson upon the witness stand should swear under oath that he could not state within \$500,000 of what the net results of his tradings were?

Mr. CONTENT. I can not account for what Mr. Lawson says.

Mr. CHIPERFIELD. You and I are on the same platform once in this examination.

The CHAIRMAN. Do you know of anybody who can account for it?

Mr. CONTENT. Himself.

Mr. CHIPERFIELD. I am not sure about that. Of this 21,100 shares that were sold between the dates that you gave, were any of those shares sold short?

Mr. CONTENT. Yes, sir.

Mr. CHIPERFIELD. Can you tell what the proportion was?

Mr. CONTENT. No; not by this.

Mr. CHIPERFIELD. Have you the data by which you can tell?

Mr. CONTENT. No; but I will tell you why—oh, we could make it up for you.

Mr. CHIPERFIELD. That is what I inquire about. Have you data by which you can make up the number of shares which he sold short?

Mr. CONTENT. Why, they could make it up from this statement. It would take a day or two.

Mr. CHIPERFIELD. I was about to inquire, would it impose too much burden on your office force to make that up?

Mr. CONTENT. I think the transactions are so small—the biggest interest I can see in this account is about 5,000 shares, and most of

the time 2,500 shares. I do not want to volunteer anything, but I do not think——

Mr. CHIPERFIELD (interposing). Mr. Content, I have a purpose in asking that to be done, and I do not mind stating it. Mr. Lawson had made the statement very broadly that those who sold short on the market sold because they had advance information. I would like to show what his operations were in the same connection. That is, he either made the statement himself or left that inference, and if it will not impose too much of a burden on your clerical force I wish you would do that.

Mr. CONTENT. We run our purchase and sales book on loose leaves. Now, every night that is marked off. Say, for instance, if you were short to-night 3,000 shares of Steel and 1,500 shares of other stocks, when the man in the office marks that off, after it is covered, he puts a pencil line there and there is no date on those loose leaves, so that you could not tell each night without going over each item of the account.

Mr. CHIPERFIELD. Have you any data before you now by which you can tell how much he was short on the 21,100 shares which he sold?

Mr. CONTENT. Well, he bought them almost every day, here and there.

Mr. CHIPERFIELD. Well, from your accounts——

Mr. CONTENT (interposing). Here on the 9th of December he was short 3,000 shares of Steel, and on December 12 he bought in 2,000, which would leave him short 1,000. Of course, that has to be tabulated and gone over every night.

Mr. CHIPERFIELD. I will not trouble you to do that now, but would it not be possible from the figures that you have submitted of the purchases and sales, to make a summary showing how much he was short during that period?

Mr. CONTENT. No. I can see it at a glance. The largest account he had was on the 9th, which was 3,000 shares. He was short 3,000 shares.

Mr. CHIPERFIELD. Then why would it not be easily possible from the data you have before you, or your bookkeeper or accountant, to make a total by days?

Mr. CONTENT. I can have it done.

Mr. CHIPERFIELD. I wish you would, because it will save asking a good many questions. Were there any other transactions carried on by or through your house by Mr. Lawson than appear upon the sheets which you have given to the committee?

Mr. CONTENT. That shows the full amount.

Mr. CHIPERFIELD. And you know of no other trade or dealings by him in stocks during that period?

Mr. CONTENT. No.

Mr. CHIPERFIELD. And that shows graphically the transactions that took place?

Mr. CONTENT. Every one of his transactions.

Mr. CHIPERFIELD. That is all. I would like to have the sheets put into the record, Mr. Chairman, if it may be done. It will not encumber the record very much because there is not very much of it.

Mr. WHIPPLE. It had better be marked as an exhibit.

The CHAIRMAN. You mean the sheets which he is going to prepare?

Mr. WHIPPLE. No, these sheets here.

Mr. CHIPERFIELD. It will not make over 3 or 4 pages of the record.

The CHAIRMAN. Without objection, it is so ordered.

(The sheets referred to are marked "Exhibits, Content No. 1 and 2," and are as follows:)

CONTENT EXHIBIT.

Dr. *No. 47, a/c, in account with H. Content & Co.,* Cr.

Date.	Amount.	Date.	Amount.
1916.		1916.	
Dec. 12	2,000 Steel, 1—125½, 19—125½..	Dec. 9	Short, 3,000 Steel.....
14	500 Mar., pfd., 2—112½, 3—112½		Short, 600 Utah.....
	500 Marine, 1—43, 4—43½.....		Short, 600 Anac.....
	500 Marine, 2—41, 3—41½.....		Short, 1,000 Chile.....
	1,200 Utah, 3—114½, 3—114½.	11	1,000 Chile, 27½.....
	4—115½, 2—115½.....		400 Anac., 96½.....
	3,000 Steel, 14—118½, 14—	12	1,000 Chile, 27.....
	118½, 2—119.....		2,000 Steel, 8—124½, 7—124½,
	1,000 Anac., 89.....		5—124½.....
	1,000 Anac., 90½.....	13	500 Marine, 43½.....
	2,500 Chile, 12—26, 13—25½..		500 Marine, pfd., 3—115,
	1,000 A. R., 110½.....		2—115½.....
	1,000 Steel, 119½.....	14	600 Utah, 3—114½, 3—114½..
18	3,000 Steel, 10—113, 8—111½,	15	1,000 Anac., 9—90½, 1—90½..
	2—112 10—112½.....		1,000 A. R., 8—109, 2—109½.
	1,000 Anac., 5—86½, 5—86½..		1,000 Steel, 118½.....
	200 Alcohol, 1—109½, 1—109½.		500 Marine, 41.....
	500 Mar., pfd., 2—102, 3—		500 Marine, pfd., 1—112,
	102½.....		4—111½.....
	500 Utah, 2—107½, 3—107½....		100 Alcohol, 117.....
	300 Cruc., 66½.....		2,000 Chile, 5—25, 3—24½,
	1 500 Chile, 1—25½, 4—25½,		1—38, 6—14, 5—24.....
	10—25½.....	18	500 A. R., 2—106, 2—106½,
	500 Utah, 4—107½, 1—107½....		1—106½.....
	Long 1,000 Utah.....		1,000 Anac., 5—86½, 5—86½..
20	300 Mar. pfd., 104½.....		1,000 Steel, 112.....
	300 Alcohol, 1—112½, 1—115½,		100 Alcohol, 113.....
	1—115½.....		300 Cruc., 67.....
	1,000 Chile, 8—27½, 2—27½....	19	2,000 Steel, 112½.....
	500 A. R., 2—109½, 3—109½....	20	300 Mar. pfd., 2—104½, 1—
22	3,000 Steel, 6—105½, 19—105½,		104½.....
	5—103½.....		300 Alcohol, 113½.....
	Bul:		500 Utah, 2—104½, 2—103½,
	Short, 500 Chile.		1—103.....
	Short, 300 Alcohol.	21	500 Chile, 28.....
			2,000 Steel, 5—111½, 5—110½,
			5—109½, 5—107½.....
		22	1,000 Steel, 5—105, 5—101½..
			300 Alcohol, 99.....
			500 Utah, 93½.....
			Bul, Long.
			Bul:
			Short, 500 A. R.
			Short, 1,000 Chile.

Mr. GARRETT. How long have you known Mr. Lawson?

Mr. CONTENT. I suppose I have known Mr. Lawson for—well, roughly, I would say 20 years.

Mr. GARRETT. You know him very well?

Mr. CONTENT. I see very little of him, but I know him very well.

Mr. GARRETT. Your relations have been pleasant, I take it?

Mr. CONTENT. Always.

Mr. GARRETT. And I take it that you are fairly well acquainted with his characteristics?

Mr. CONTENT. Yes, sir.

Mr. GARRETT. I wish to ask you two or three questions touching Mr. Lawson's characteristics that I think, in view of all the record, are proper to be asked. Mr. Lawson's wife is dead, is she not?

Mr. CONTENT. Yes, sir.

Mr. GARRETT. How long has she been dead?

Mr. CONTENT. I think seven years.

Mr. GARRETT. Do you happen to know of any peculiarities of conduct that has marked Mr. Lawson's course since the death of his wife?

Mr. CONTENT. No; I do not think so. I think he has always been the same, sentimental to a degree.

Mr. GARRETT. Do you know whether or not it is a fact that it is his custom to have a plate set now for his wife at the table at meals?

Mr. CONTENT. I never heard that.

Mr. GARRETT. You never heard that?

Mr. CONTENT. No, sir.

Mr. GARRETT. Do you know whether it is a fact that when he purchases theater tickets he always purchases a seat for his wife?

Mr. CONTENT. I do not believe that, because I have gotten him theater tickets.

Mr. GARRETT. You do not believe that is true?

Mr. CONTENT. No, sir; I met him in a theater about two months ago with his son, and I do not think there was any vacant seat.

Mr. GARRETT. You do not think that is so, so far as your knowledge goes?

Mr. CONTENT. I would say I do not think there was a vacant seat there that night.

Mr. GARRETT. You do not know whether that occurs in Boston or not, do you?

Mr. CONTENT. No; I do not.

Mr. GARRETT. Well, I will not pursue that matter any further.

Mr. CHIPERFIELD. I omitted one question that I would like to ask.

The CHAIRMAN. All right, Mr. Chiperfield.

Mr. CHIPERFIELD. Did Mr. McSweeney, Mr. Lawson's secretary, have any account with your firm?

Mr. CONTENT. No, sir.

Mr. CHIPERFIELD. Sir?

Mr. CONTENT. No, sir; he did not.

Mr. CHIPERFIELD. And then I want to say, too, Mr. Content, that if you feel that there was any inference of unfair dealing by your house in any of my questions, I want to make it very plain to you that I did not intend to give that impression, and, on the contrary, I have a high regard for the reputation of your house.

Mr. CONTENT. Thank you. I did not know, but I thought you were firing them a little hard.

Mr. CHIPERFIELD. No; I did not intend to give any such impression to you or to anyone else.

The CHAIRMAN. Any other questions, gentlemen?

Mr. BENNET. There is one question I would like to ask.

The CHAIRMAN. Very well.

Mr. BENNET. Mr. Content, you said you had been short of the market for some time, as I understood?

Mr. CONTENT. Yes; I am now.

Mr. BENNET. I did not intend to ask you that.

Mr. CONTENT. I volunteered that.

Mr. BENNET. And that was based on your general knowledge of market conditions, I assume?

Mr. CONTENT. Yes.

Mr. BENNET. You thought that the market would come to a place where it would fall?

Mr. CONTENT. I thought stocks were too high. I have thought so for six months. I thought the people had too many stocks.

Mr. BENNET. You thought the market was topky?

Mr. CONTENT. No; it was not topky. It did not look topky. All the women in town, at every house you went to, were talking stocks.

Mr. BENNET. That meant that they had probably bought too much and at too high prices?

Mr. CONTENT. I thought so.

Mr. BENNET. As I recall it, in answer to Mr. Chipperfield's questions, you only brought the financial result of Mr. Lawson's dealings down to and including the 19th. Is that just an error in your answer?

Mr. CONTENT. No, he did not give me—my bookkeeper made up a statement of what the losses or profits would have been on his account from the 9th—that account I gave you—down; and he shows here that on the 9th to the 19th, taking the market and the figures on his account, it would show a gain on the 19th of \$32,000, and on December 22d it would show only \$27,000; that is, on his total transactions and at the market price at the close of each night. That is what he made up yesterday.

Mr. BENNET. That is an additional figure of \$27,000?

Mr. CONTENT. There is just a difference of \$5,000 between the 19th and 22d in the market.

Mr. BENNET. So that the result of his operations of the 20th and 21st, whatever they may have been, was a net loss of \$5,000?

Mr. CONTENT. Yes. The account would show at the close that night \$5,000 loss, which is so small that it is really immaterial.

Mr. BENNET. Well, a Member of Congress can not make \$27,000 in 10 days.

Mr. CONTENT. That is shown in the decline in the market.

Mr. HARRISON. Did Archibald White have an account with you?

Mr. CONTENT. No, sir. Well, he may have had an account with me on Federal Dye, some stock like that, but no active stock account.

Mr. PATTEN. On the 21st you were long or short of the market?

Mr. CONTENT. Was that the bad day?

Mr. PATTEN. Yes.

Mr. CONTENT. I was short of stocks up to, I think, the 20th. When did Steel sell down to 11?

Mr. PATTEN. When did you cover that?

Mr. CONTENT. I covered around from 111 to 110.

Mr. PATTEN. And then you went short again?

Mr. CONTENT. I went long of Steel from 10.

Mr. PATTEN. When did you sell out?

Mr. CONTENT. I sold out the day of the Lansing statement. What day was that?

Mr. BENNET. The 21st.

Mr. PATTEN. You sold out on the 21st?

Mr. CONTENT. I sold out at a quarter to three, because I would not take it home. I sold from par and seven-eighths to one and a half.

Mr. PATTEN. Did you sell any stocks short that day?

Mr. CONTENT. No; I was long quite a few shares that night.

Mr. PATTEN. Then you sold all of your long stock at par——

Mr. CONTENT (interposing). No; par and seven-eighths to one and a half. I have got the book here.

Mr. PATTEN. Do you remember who bought those stocks?

Mr. CONTENT. Well, I think the biggest buyer that day was Randolph. I can give you the biggest buyers. The buyers of that Steel, or the biggest ones, were W. W. Cohen. He bought 1,700. Randolph bought 2,000.

Mr. PATTEN. How many shares did you sell altogether?

Mr. CONTENT. I sold about eight or nine thousand shares. Oltman bought 1,000. He is only a trader. Auerbach & Rogers bought a thousand.

Mr. BENNET. They were general sales and not to any particular people?

Mr. CONTENT. Oh, no. Gwathmey & Co. bought a thousand.

The CHAIRMAN. From your testimony, you say that the President's peace note and Mr. Lansing's statement did have an effect on the stock market?

Mr. CONTENT. Oh, no doubt. I think Mr. Lansing's statement had a worse effect.

The CHAIRMAN. Suppose marginal transactions and short selling were forbidden on the stock exchange. Would it have had any effect then?

Mr. CONTENT. No. You would have had a worse time; there is no doubt about it.

The CHAIRMAN. Why would you have had a worse time?

Mr. CONTENT. Because here only a week ago when we had this break here, you could not see any buying except short buying.

The CHAIRMAN. What do you think about forbidding marginal transactions and short selling?

Mr. CONTENT. Why, I do not think you can do it. I will show you why.

The CHAIRMAN. It could be done, but you mean it ought not to be done.

Mr. CONTENT. No; I do not think it should be done, and we would not know just how to construe it. There are cases where we have sold stocks, people may be away, big men, we have had to borrow them until they come back. We would not know whether, if we got an order from John Brown & Co., whether it was short or not. Very often a man has stock in his name and he thinks it is high enough, but he does not want to deliver this stock in his name. He delivers; you borrow it. It would be very hard for us to tell. As brokers we would not know.

Mr. WHIPPLE. That is not a short sale, if a man owns it.

The CHAIRMAN. No; if he has actually got the stock and owns it, it would not be a short sale.

Mr. CONTENT. No. There are a great many men who have stocks for sale. They say, "Well, I won't deliver those."

The CHAIRMAN. Of course, we all understand what a short sale is.

Mr. CONTENT. Yes; but you would not know that. If you had \$50,000 of Kennecott, for instance, and you say, "I am going to sell that on a scale up," and you would go to a brokerage house and get an order to sell that, you probably would not deliver that stock until

you had completed it, and then you might not sell it because you might buy it back.

The CHAIRMAN. Then I understand you would want the practice continued as it is?

Mr. CONTENT. I think the methods employed on the stock exchange are marvelous, and I do not mean because I am a member of it. We have no records, you know.

The CHAIRMAN. You think that a law something similar to the Smith-Lever bill in regard to cotton exchanges would be a good or a bad thing?

Mr. CONTENT. I am not familiar with that.

The CHAIRMAN. It was legislation in regard to cotton exchanges, and you are not familiar with that?

Mr. CONTENT. No. I am a member of the Cotton Exchange, but I never go there.

The CHAIRMAN. That is all I wish to ask.

Mr. HARRISON. I wanted to ask one question. This Lansing statement was mentioned in your testimony, and it has been mentioned several times as a "verge of war" statement on December 21. Don't you think, in view of what has happened recently, that Mr. Lansing was about correct in his statement? There has been some criticism of his statement.

Mr. CONTENT. I do not think that he knew then what has happened now.

Mr. HARRISON. That is a matter of opinion.

Mr. CONTENT. You asked my opinion.

Mr. CHIPERFIELD. If his first statement was correct, can you think of any reason why there should have been a retraction, which followed a few hours later?

The CHAIRMAN. Do you ask the witness that question?

Mr. CHIPERFIELD. Either the witness or Mr. Harrison.

Mr. HARRISON. If you ask me I will tell you.

Mr. CHIPERFIELD. Then I had better ask the witness.

Mr. HARRISON. I would say, though, that I put in the record the note which was issued and the statement, to show that there was no difference between the statement and the note. The record speaks for itself.

The CHAIRMAN. That is all, I suppose.

Mr. CONTENT. Mr. Chiperfield, you withdraw that about the detailed statement?

Mr. CHIPERFIELD. Yes, sir; because the gentleman who is with you there, as I understand, is to furnish a synopsis.

TESTIMONY OF MR. CHARLES I. HUDSON.

(The witness was sworn by the Chairman.)

Mr. WHIPPLE. Your name is Charles I. Hudson?

Mr. HUDSON. Yes.

Mr. WHIPPLE. Your residence?

Mr. HUDSON. New York.

Mr. WHIPPLE. And you are engaged in business as a stock broker?

Mr. HUDSON. In the brokerage business.

Mr. WHIPPLE. What is the full name of the firm?

Mr. HUDSON. Charles I. Hudson & Company.

Mr. WHIPPLE. Are there several members?

Mr. HUDSON. There are five in all.

Mr. WHIPPLE. And you are what is known as a stock exchange house?

Mr. HUDSON. General brokers.

Mr. WHIPPLE. How many seats do you have on the Stock Exchange?

Mr. HUDSON. Three.

Mr. WHIPPLE. Are you what is known as a leased-line house?

Mr. HUDSON. We are a wire house.

Mr. WHIPPLE. And have you extensive connections?

Mr. HUDSON. We have.

Mr. WHIPPLE. In what parts of the country?

Mr. HUDSON. From Baltimore to St. Louis and north to St. Paul and Minneapolis and east to Boston.

Mr. WHIPPLE. Do you have any wire connection with Washington?

Mr. HUDSON. We have not had a wire connection in 12 years.

Mr. WHIPPLE. Are you personally familiar with the names of the customers of your firm?

Mr. HUDSON. I will answer in this way, Mr. Whipple, if you will allow me.

Mr. WHIPPLE. Yes.

Mr. HUDSON. We have between fourteen and fifteen hundred active accounts and a thousand inactive accounts, and I would not be able to carry those names very extensively in my mind.

Mr. WHIPPLE. Who, in your concern, would know the best as to the identity of your customers?

Mr. HUDSON. Mr. Johnson, who is present.

Mr. WHIPPLE. So far as you personally know, do you have among your customers any Government officials, either of high or low degree?

Mr. HUDSON. We have no accounts of any Government or State officials, and have not had any for many years.

Mr. WHIPPLE. And you have no accounts that can be thus identified?

Mr. HUDSON. Directly or indirectly, to my knowledge.

Mr. WHIPPLE. Does your firm have any method of informing itself directly with reference to events in Washington which may affect the stock market?

Mr. HUDSON. No, sir; and we do not employ anyone.

Mr. WHIPPLE. You have no one in Washington?

Mr. HUDSON. No account, sir. I do not think we have got a single account in Washington.

Mr. WHIPPLE. And you have no one there?

Mr. HUDSON. To represent us?

Mr. WHIPPLE. To apprise you of events.

Mr. HUDSON. No, sir.

Mr. WHIPPLE. No newspaper men or anybody else?

Mr. HUDSON. No, sir.

Mr. WHIPPLE. Do you remember receiving any telegrams or other information on December 20 with regard to the issuance of a so-called peace note by the President?

Mr. HUDSON. I was out to luncheon and on my return about 2 o'clock I think I noticed—some one called my attention to it. It had come over the ticker, something with reference to peace.

Mr. WHIPPLE. You had heard nothing before that?

Mr. HUDSON. No, sir.

Mr. WHIPPLE. Did you take any pains to investigate the verity of the report?

Mr. HUDSON. No, sir; we relied on the ticker service.

Mr. WHIPPLE. Your accounts over the leased lines all appear in the names of your correspondents, I suppose?

Mr. HUDSON. Yes, sir.

Mr. WHIPPLE. And you may have a great many customers there whose names you do not know?

Mr. HUDSON. We do not know any of them. Occasionally one will come in with a letter of introduction.

Mr. WHIPPLE. But generally speaking——

Mr. HUDSON (interposing). Generally speaking, we do not know them.

Mr. WHIPPLE. What proportion of your business is of that character or description?

Mr. HUDSON. Oh, we have 25 or 30 wire accounts, and I would say 40 or 50 per cent, possibly, of our business.

Mr. WHIPPLE. And then your other customers are resident largely in New York?

Mr. HUDSON. No; we have branch offices in Wilmington, Wilkes-Barre, Toronto, and other places.

Mr. WHIPPLE. Now, taking the business of the branch offices and correspondents, what proportion of your business do they constitute?

Mr. HUDSON. I would say 70 or 80 per cent.

Mr. WHIPPLE. And the rest of it is——

Mr. HUDSON (interposing). Local.

Mr. WHIPPLE. People in New York?

Mr. HUDSON. Within 50 or 100 miles of here.

Mr. WHIPPLE. Have you any large operators, so called, among your list of customers?

Mr. HUDSON. The majority of operators are wire correspondents——no heavy accounts.

Mr. WHIPPLE. There are none of the large New York operators who operate through you?

Mr. HUDSON. I do not think that we do anything in the way of floor business. We do very little, anyway.

Mr. WHIPPLE. Did you during December have any dealings with the Hutton firm?

Mr. HUDSON. We may have on the floor—not for them.

Mr. WHIPPLE. I should have said for them.

Mr. HUDSON. Not for them.

Mr. WHIPPLE. Or for any of their partners?

Mr. HUDSON. No, sir.

Mr. WHIPPLE. That is, there was no account that they put through your firm?

Mr. HUDSON. They have no account, and not any of their partners have an account with us.

Mr. WHIPPLE. Who are your floor members?

Mr. HUDSON. H. K. Hudson, my son; and C. Allen Hudson, my son.

Mr. WHIPPLE. And they are very active?

Mr. HUDSON. Yes, sir; quite active.

Mr. WHIPPLE. After you noticed this item on the ticker, what effect did that have on your transactions?

Mr. HUDSON. On my personal transactions?

Mr. WHIPPLE. No; on your customers'.

Mr. HUDSON. I think that we very nearly balanced on our transactions. One class of people were selling and another class buying. We did not vary during that entire week \$800,000 in their entire loans.

Mr. WHIPPLE. I was about to ask you with regard to your loans. Were your loans larger during this week than usual? I mean, were you especially extended?

Mr. HUDSON. They had decreased three or four millions previous to this week.

Mr. WHIPPLE. I see; but prior to that, had they been somewhat larger than you usually carry?

Mr. HUDSON. During the fall our loans are heavier than they had been.

Mr. WHIPPLE. That showed very large speculative interests.

Mr. HUDSON. Very large.

Mr. WHIPPLE. Can you state in a general way during the week of December 18th how your accounts were in respect of being long or short?

Mr. HUDSON. I would say that not 5 per cent of our transactions were short; 90 per cent were on the long side—of clearing-house stocks.

Mr. WHIPPLE. And is that true generally with regard to your business?

Mr. HUDSON. I beg your pardon, Mr. Whipple. We are known as a carrying house.

Mr. WHIPPLE. And that means that most of them are long?

Mr. HUDSON. Yes.

Mr. WHIPPLE. That means, therefore, that your customers, being scattered throughout the South and West, if there is anything that affects the market suddenly which is known here in New York, are likely to be the sufferers.

Mr. HUDSON. Undoubtedly.

Mr. WHIPPLE. Because most of them represent the optimism of the market.

Mr. HUDSON. They do.

Mr. WHIPPLE. Do you do very much loaning of the stocks which you are carrying for your customers?

Mr. HUDSON. We never loan securities except when there is a demand for securities at a premium, and then we loan them with the consent of our customers.

Mr. WHIPPLE. But you do not make a practice of doing that?

Mr. HUDSON. We have not done so for 20 years.

Mr. WHIPPLE. And it is a fact, I take it, that you never sell your customers stocks short?

Mr. HUDSON. No. We partners practically never do anything to any extent. That week, I suppose, I dealt in 500 shares myself; that is the total.

Mr. WHIPPLE. But there is no general practice of selling large quantities of stock short that you are carrying on long accounts?

Mr. HUDSON. No, sir.

Mr. WHIPPLE. You understand that the rules of the stock exchange permit you to do it if you see fit?

Mr. HUDSON. I understand the rules.

Mr. WHIPPLE. Would you object to stating about how many shares you were carrying along that week?

Mr. HUDSON. Of clearing house stocks I could not say; but it was several hundred thousand.

Mr. WHIPPLE. Would 500,000 cover it?

Mr. HUDSON. From three to five hundred thousand.

Mr. WHIPPLE. You mean 500,000 shares?

Mr. HUDSON. Yes.

Mr. WHIPPLE. Then, of course, if the rules of the Stock Exchange permitted you or your firm to sell all of those 300,000 or 500,000 shares short, upon advance information that was likely to drive off the market five or ten points, it would give an opportunity—which I do not mean to suggest your firm would avail itself of—to make from two and a half million dollars to five million dollars out of your own customers?

Mr. HUDSON. I think that would be very problematical.

Mr. WHIPPLE. I will illustrate what I mean: Assuming you are carrying 500,000 shares long for your customers, and you receive information which makes you feel absolutely certain that when it becomes public the market will drop off five or ten points, under the rules of the Exchange you are permitted to sell every share of that stock that you have short and make deliveries out of what you are carrying for your customers—that is true, is it not?

Mr. HUDSON. I rather doubt that, Mr. Whipple.

Mr. WHIPPLE. Well, we have had it so stated.

Mr. HUDSON. Well, I think different partnerships are differently worded.

Mr. WHIPPLE. I am not talking about partnerships. I am talking about the rules of the Stock Exchange. Is not that permitted under the rules of the Stock Exchange? I am not discussing your case; but I am now discussing what it is possible for a concern to do if they were less interested in their customers than your firm. Do you get me?

Mr. HUDSON. I understand; I think I understand what you are driving at.

Mr. WHIPPLE. You understand I am not addressing it to your firm.

Mr. HUDSON. I know that you are driving at the practice on the Street. I have been in the Street 40 years and I have never known of such a thing.

Mr. WHIPPLE. That may be true, but I want to get at what the rules of the Stock Exchange permit. Assuming that you are carrying 500,000 shares long for customers from Baltimore, St. Louis, and California, and your firm gets an intimation in advance of something that is going to happen which, when it does happen, is sure to make the market drop 5 or 10 points. Now, under the rules of the exchange it is permissible to sell all of the 500,000 shares short, is it not?

Mr. HUDSON. I know of no such rule permitting it.

Mr. WHIPPLE. Do you know of any rule against it?

Mr. HUDSON. I know of nothing against it.

Mr. WHIPPLE. There is no rule against brokers selling short and delivering the shares that they are carrying for their customers?

Mr. HUDSON. I know of no rule either way.

Mr. WHIPPLE. Well, there is no rule against it?

Mr. HUDSON. No.

Mr. WHIPPLE. There being no rule against it it would be possible for a firm to sell the 500,000 shares and make deliveries out of the shares carried for customers; that is true, is it not?

Mr. HUDSON. There is no rule against it.

Mr. WHIPPLE. There is no rule against it. Now, if that is true and the market goes off one point it would give him a profit of \$500,000.

Mr. HUDSON. Yes.

Mr. WHIPPLE. And if it went off 10 points it would give him a profit of \$5,000,000?

Mr. HUDSON. Yes, sir.

Mr. WHIPPLE. And that would be the result of advance information, if the broker had it, of events to transpire which would depress prices?

Mr. HUDSON. Yes.

Mr. WHIPPLE. When they happened.

Mr. HUDSON. I would consider such action by a broker absolutely dishonest.

Mr. WHIPPLE. I imagine there is no doubt about that, but I was only inquiring now as to whether there was anything in the rules of the stock exchange which would prevent it; anything but the personal honor of a broker.

Mr. HUDSON. That is what we have lived on in Wall Street for years, and that is true of the better class of houses.

Mr. WHIPPLE. What we are dealing with in this situation is where a certain stock exchange house did get advance information of something that was going to happen, through the violation of confidence by a couple of gentlemen in Washington, who were carrying some 325,000 shares long and who did not give to their customers the knowledge which came to them for a couple of hours after they got it, but, according to one of the partner's telegrams, he himself was selling stocks a couple of hours in advance. You see, I was not speaking about your firm but I was trying to see what some one less mindful of the interests of their clients might accomplish under the rules of the exchange.

The CHAIRMAN. You say you would consider brokers dishonest who did such things?

Mr. HUDSON. I consider that a broker is the agent of his clients, and that any information he receives which would be detrimental to their interests he should send over the wires, so that they could protect themselves if they wished.

The CHAIRMAN. If such things are possible they ought to be prevented in some way.

Mr. HUDSON. Well, human nature is rather weak, and I do not see how you can stop that or prevent it.

The CHAIRMAN. But suppose there was a law which prevented it.

Mr. HUDSON. I do not see how a law would stop it.

The CHAIRMAN. Well, if it could be done.

Mr. HUDSON. That is an impossibility that you are asking me.

The CHAIRMAN. Perhaps it is not an impossibility. There might be some law passed. If a law could be framed that would stop such a condition it ought to be prevented, ought it not?

Mr. HUDSON. I do not see how any law could be framed to cover that.

The CHAIRMAN. But if a law could be framed that would cover it, then from what you say you must answer that it should be prevented?

Mr. HUDSON. Mr. Chairman, will you allow me to make an illustration?

The CHAIRMAN. If you will answer the question you may then go ahead and give your illustration.

Mr. HUDSON. The illustration is this: If I were in a position to obtain such knowledge and I wished to cover it up I would tell my wife or my sister or my brother or my uncle to go and sell stock, and how are you going to trace it to the broker?

The CHAIRMAN. That is not the question. The question is, if those things are possible and should be prevented and a law can be framed to prevent it, then should not it be done?

Mr. HUDSON. I do not think that any law could.

The CHAIRMAN. But that is not the question.

Mr. HUDSON. I beg your pardon.

The CHAIRMAN. That is for us to decide.

Mr. HUDSON. All right.

The CHAIRMAN. If we think it can be done, and it could be done, should it not be done? Is not that the point?

Mr. HUDSON. I do not care to express an opinion on such a thing—a thing that I consider an impossibility.

Mr. WHIPPLE. May I suggest this: If a rule of the stock exchange were passed which prevented any stock broker from either himself selling short and delivering his customers' shares or lending his customers' shares, or in any way using them in aid of short sales, would not that help the law?

Mr. HUDSON. No, sir.

Mr. WHIPPLE. How could any of the shares then be used for short sales?

Mr. HUDSON. For the reason I just gave the chairman, that a man could get one of his relatives to sell through another house.

The CHAIRMAN. Where will his relatives get the stock to deliver?

Mr. HUDSON. That is an easy proposition.

Mr. WHIPPLE. It would not be an easy proposition if the rules of the stock exchange prevented the delivery of customers' shares that is the point.

Mr. HUDSON. In the first place, Mr. Whipple, allow me to state one thing, that in ninety-nine cases out of a hundred you can not tell whether your customers have those securities or not. I believe that is true in ninety-nine times out of a hundred for the reason that that is my experience on the Street, and I have been in Wall Street since 1866. Many times we have sold a large amount of securities and have never known whether those customers had those securities or not, because they have accounts in different places, and when asked they say go there and get them. It is the same way as with a contractor who erects a building. No contractor erects a building under contract unless he sells all material short.

The CHAIRMAN. That was about the same illustration we had the other day.

Mr. HUDSON. I did not know that.

Mr. WHIPPLE. If a rule were passed you could not lend your customers' shares to another broker, because you could say to your customer that you would not sell stock unless he had it to deliver?

Mr. HUDSON. But that is impossible, because oftentimes we do not know and we can not tell anything about the shares.

Mr. WHIPPLE. Then you could refuse to execute the order until you knew that your customer had them to deliver?

Mr. HUDSON. No; because under the law we can be held responsible for not executing that customer's orders.

Mr. WHIPPLE. Not if the law prevents you from using your customer's long stock to make the deliveries?

Mr. HUDSON. But he wires back afterwards, "Take it from Jones or Brown & Co.," where he has another account, and I could be held responsible according to the laws of the State of New York if I did not execute his orders.

Mr. WHIPPLE. Not if you had a provision that no broker could use the long stock of his customers to aid in short sales.

Mr. HUDSON. You can not prove that in any way, shape, or manner. No law can be made to prove that or cover it.

The CHAIRMAN. We passed a law stopping the Louisiana lottery.

Mr. HUDSON. But that is a different proposition. There you were buying a ticket.

The CHAIRMAN. It is not much of a different proposition.

Mr. HUDSON. As I say, there you were buying a ticket, sir; but in this case, with customers scattered all over, they might have accounts with 20 different brokers; some of the accounts might be in Boston, some in Philadelphia, and some in Chicago, and we receive a dispatch an hour after we have reported to them that it is to be received from so-and-so. However, it would practically put a stop to business if there was any such rule or law.

Mr. WHIPPLE. You mean stock exchange business?

Mr. HUDSON. It would create a panic; that is what it would do, and there would be no dealing in securities.

Mr. WHIPPLE. Was any member of your firm in the market selling short during the week of December 18?

Mr. HUDSON. Maybe a few hundred shares.

Mr. WHIPPLE. But no substantial amount?

Mr. HUDSON. No.

Mr. WHIPPLE. They were not doing it on any advance information in any way?

Mr. HUDSON. No.

Mr. WHIPPLE. I think you have perhaps answered this, but I will ask it anyway. Did your firm have any other customers operating on the short side of the market during that week?

Mr. HUDSON. No, sir.

Mr. CAMPBELL. Did you increase your loans with the banks during November and December?

Mr. HUDSON. I will say that from the 1st of September until the middle of November we increased our loans several million dollars.

Mr. CAMPBELL. But that was no greater in comparison with other years?

Mr. HUDSON. Oh, we have had obligations much higher in former years; almost twice as many obligations in other years.

Mr. BENNET. Do you know anything about cotton?

Mr. HUDSON. Our firm is a member of the cotton exchange, but I never deal in it; I know nothing about it myself.

Mr. BENNET. Did you know that Congress had passed a law attempting to limit speculation in cotton?

Mr. HUDSON. Well, we do so little in cotton, Mr. Bennet, that I know very little about it. Our cotton business is very immaterial.

Mr. BENNET. Therefore you could not qualify as an expert?

Mr. HUDSON. No, sir.

Mr. WHIPPLE. I would like to ask you about this: Had you been given any notice in November or early in December that your loans were getting too extended or was there any concerted movement by bankers, that you know of, to reduce the outstanding loans in order to check speculation?

Mr. HUDSON. During October and November I was away on account of illness, but my partner, Mr. Johnson, who is here, might answer that question, Mr. Whipple. Mr. Johnson says no.

Mr. WHIPPLE. I do not mean yourselves particularly, but in a general way?

Mr. HUDSON. That is merely hearsay rumor.

Mr. WHIPPLE. Then there has been no limitation on your borrowing capacity at all?

Mr. HUDSON. No, sir.

Mr. WHIPPLE. Did you hear about this meeting at the Metropolitan Club of certain stock exchange houses which had for its object the limiting of or controlling speculation?

Mr. HUDSON. Only from the news ticker. I did not attend it.

(Thereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

The committee reconvened at 3.05 p. m.

Mr. CHIPERFIELD. Mr. Chairman, here is the statement from Content & Co. as to the amount of shares of stock Mr. Lawson was short. I would like to have it go into the record.

The CHAIRMAN. All right. It is so ordered.

(The statement referred to follows:)

H. CONTENT & Co., A/c 47, STOCK POSITION.

December 9, 1916: Short, 3,000 Steel; 600 Utah; 600 Anaconda; 1,000 Chile.

December 10, 1916: Same as above.

December 11, 1916: Short, 3,000 Steel; 600 Utah; 1,000 Anaconda; 2,000 Chile.

December 12, 1916: Short, 3,000 Steel; 600 Utah; 1,000 Anaconda; 3,000 Chile.

December 13, 1916: Short, 3,000 Steel; 600 Utah; 1,000 Anaconda; 3,000 Chile; 500 Marine; 500 Marine pfd.

December 14, 1916: Long, 500 Marine; 1,000 Anaconda; 1,000 A. R.; 1,000 Steel. Short, 500 Chile.

December 15, 1916: Short, 2,500 Chile; 100 Alcohol; 500 Mar. pfd.

December 16, 1916: Same.

December 17, 1916: Same.

December 18, 1916: Long, 2,000 Steel; 1,000 Utah. Short, 1,000 Chile; 500 A. R.

December 19, 1916: Long, 1,000 Utah. Short, 1,000 Chile; 500 A. R.

December 20, 1916: Long, 500 Utah.

December 21, 1916: Long, 500 Utah. Short, 500 Chile; 2,000 Steel.

December 22, 1916: Short, 300 Alcohol; 500 Chile.

December 23, 1916: Short, 300 Alcohol; 500 Chile.

Who is the next witness, Mr. Whipple?

Mr. WHIPPLE. Mr. Chairman and gentlemen of the committee, with reference to Mr. Hutton and Mr. Barrett, of the Hutton firm, and their absence from the city and inaccessibility:

When last in New York before this committee, Mr. Connolly testified that he personally was the author of a telegram which had recently been produced before the committee and impressed them as giving advance information. Mr. Hutton was present in the city, and I think in the room, and knew what Mr. Connolly had testified under oath. It appeared later in Washington that Mr. Connolly not only did not write this telegram, but he was not even in the office when it was sent out, but that a Mr. Essary, of the Baltimore Sun, had composed it, and caused a telegram to be sent over the private wire of Hutton & Co. in the absence of Mr. Connolly.

It appears that that telegram was sent in the name of Essary. The conclusion and inference, therefore, are irresistible that Mr. Hutton, whose partner testified this morning that Mr. Hutton saw the telegram, knew that Mr. Connolly was making a misstatement with regard to it, and the inference is that he must have known the reason which actuated Connolly in so doing. It would, of course, be of great assistance to this committee if Mr. Hutton could come here promptly and make some statement that would reconcile his position with honesty and good faith. Under the circumstances, however, it does not seem to me that it would be a wise exercise of the power of the committee to compel Mr. Hutton to return if he does not see fit to do so. This committee in its report can make the inference which circumstances and the absence of Mr. Hutton would seem to justify, and thus Congress will have all of this matter that seems necessary for them to deal with; but if Mr. Hutton and the members of his firm do not think it to their advantage that this gentleman should come here and lay before this committee the benefit of his knowledge, the responsibility must rest with them and rest with them alone.

So with Mr. Barrett, who it appears was ill when the committee were in New York before, but has so recovered that he has been able to make a trip to the South, where he now is. Upon the evidence now before the committee, Mr. Barrett, as is shown by a telegram which he himself sent to Chicago, was "selling stocks again" at least two hours before his firm gave the benefit to that customer of their advance information from Washington. From such conduct, of course, inferences that are serious in their effect upon this firm must be drawn by the committee. Mr. Barrett apparently is the only man who can lay information before this committee which would exonerate his firm from the inferences which must otherwise be drawn, but the committee can and perhaps are bound to make the report upon the inferences from existing facts and the absence of Mr. Barrett under these circumstances, and that neither he nor his partners wish to justify themselves before the country and before this committee from the inferences that otherwise must inevitably be drawn, the responsibility therefor, it has seemed to me as counsel for the committee, must rest upon the firm and the firm alone.

I therefore shall not move before the committee for a subpoena for either of these men, but will recommend that the hearings proceed, ignoring them, unless circumstances should arise requiring their

information on other subjects, leaving it for them to determine what seems best under all the circumstances to conserve the interests of their firm.

TESTIMONY OF MR. JAMES B. REGAN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your residence, Mr. Regan, and your occupation?

Mr. REGAN. Hotel Knickerbocker; hotel proprietor.

Mr. WHIPPLE. How long have you followed that occupation?

Mr. REGAN. My entire lifetime.

Mr. WHIPPLE. And how long have you been the proprietor of the Hotel Knickerbocker of New York?

Mr. REGAN. Since its opening, 11 years ago.

Mr. WHIPPLE. Do you know Mr. Tumulty, the private secretary of President Wilson?

Mr. REGAN. Yes, sir; intimately.

Mr. WHIPPLE. How long have you known him?

Mr. REGAN. Years and years.

Mr. WHIPPLE. That is, he is a personal friend and intimate of long acquaintance?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Do you remember, Mr. Regan, of his being at your hotel in December of last year?

Mr. REGAN. Yes.

Mr. WHIPPLE. What was the date?

Mr. REGAN. May I look at a memorandum I have?

Mr. WHIPPLE. Oh, certainly; any memorandum which you have which will aid your memory, the committee will be glad to have you use.

Mr. REGAN. On December 2 and departed on December 3. On December 17 and departed on December 18.

Mr. WHIPPLE. December 17, if I remember, was a Sunday?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. And then he went some time on Monday?

Mr. REGAN. I believe at 1 o'clock in the afternoon.

Mr. WHIPPLE. Did you see Mr. Tumulty while he was here?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. How much did you see him or talk with him?

Mr. REGAN. I met him at the station with my machine and brought him to my hotel and he dined with me that night with my family.

Mr. WHIPPLE. And how much did you see of him after that?

Mr. REGAN. Possibly half an hour.

Mr. WHIPPLE. Then I presume you saw him the next day?

Mr. REGAN. Yes, sir; it was on the next day.

Mr. WHIPPLE. It was on the next day that you saw him for half an hour?

Mr. REGAN. Yes, sir; after he had finished his dinner.

Mr. WHIPPLE. Did you have conversations with him while he was here?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Now, I venture to ask whether at this time you personally had accounts with any stockbroker or different stockbrokers?

Mr. REGAN. Yes, sir; I did.

Mr. WHIPPLE. How many of them, Mr. Regan?

Mr. REGAN. May I refresh my memory?

Mr. WHIPPLE. Yes. Do you object to giving us the names of the brokers?

Mr. REGAN. Decidedly not, sir.

Mr. WHIPPLE. All right, sir.

Mr. REGAN. J. S. Bache & Co. only.

Mr. WHIPPLE. That is, on December 17?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Are you willing to state what your transactions were during that week with Bache & Co.

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Will you state them in a general way?

Mr. REGAN. In the month of December I had purchased 1,000 shares of American Telegraph & Telephone as an investment.

Mr. WHIPPLE. Do you remember the date?

Mr. REGAN. On the 8th day of December. I also had 2,000 shares of Lehigh Valley, which I still have. In addition to this I bought 1,000 shares of United States Steel common on December 22, and sold it on December 23. That is all the stock transactions that I had in the entire month of December.

Mr. CHIPERFIELD. While he has his memory on that, did he state the date that he bought the Lehigh Valley? If he did, I did not catch it.

Mr. REGAN. No, sir; I did not. The date I purchased that was October 13, 1916.

Mr. WHIPPLE. And you had been carrying it from October and up to the present time?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. With J. S. Bache & Co.?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. So that that transaction has not been affected in any way during all of this time?

Mr. REGAN. No, sir.

Mr. WHIPPLE. Now, you spoke of a second one. That was the American Telegraph & Telephone Co.?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. That was a purchase?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. You were not carrying it on margin?

Mr. REGAN. No, sir; it was an investment.

Mr. WHIPPLE. But you had purchased that, and took it away?

Mr. REGAN. No; I did not. I purchased it—that is, I bought it for an investment, and I decided later on that I would not keep it any more, and I sold it.

Mr. WHIPPLE. It was not bought for a speculative purpose?

Mr. REGAN. No, sir; it was bought for an investment purpose.

Mr. WHIPPLE. It was carried on your account in the meantime?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. When did you sell that?

Mr. REGAN. I sold it on the 16th day of January.

Mr. WHIPPLE. So that you carried that throughout this period?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. And the other was of Steel?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Which you did not buy until after the 21st of December?

Mr. REGAN. I purchased it on the 22d day of December and sold it on the 23d.

Mr. WHIPPLE. That is the only broker's account that you were carrying in December?

Mr. REGAN. Positively, sir.

Mr. WHIPPLE. Then you were not selling short or covering during that month, Mr. Regan?

Mr. REGAN. No, sir.

Mr. WHIPPLE. In earlier months had you had other accounts?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Either speculative or investment?

Mr. REGAN. Both.

Mr. WHIPPLE. Have you any objection to stating to the committee their general character for a couple of months?

Mr. REGAN. To be candid with you, that would be almost impossible at this time. I would have to refer to my accounts or my accountant.

Mr. WHIPPLE. But you were carrying accounts with other brokers?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Now, while Mr. Tumulty was at your hotel, he was not there as your guest, as I understand?

Mr. REGAN. No, sir; he was not.

Mr. WHIPPLE. He was not—

Mr. REGAN (interposing). Only at dinner. He was my guest at dinner.

Mr. WHIPPLE. But he was there as a regular——

Mr. REGAN (interposing). Patron of the house.

Mr. WHIPPLE. Patron of the house?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Except that you invited him to dinner with your family?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. While he was there, did he make any statement to you in any form of words, by hint or innuendo, of the prospective issuance of a peace note, so-called, by the President during the coming week?

Mr. REGAN. Positively no. I wish he had.

Mr. WHIPPLE. Not for his sake?

Mr. REGAN. No.

Mr. WHIPPLE. Was there any discussion of anything of the sort?

Mr. REGAN. It was not even mentioned.

Mr. WHIPPLE. Were affairs at Washington at all discussed between you?

Mr. REGAN. No. The conversation related to the Lambs' Gambol, which he was going to that night.

Mr. WHIPPLE. And he did go to the Lambs' Gambol within your knowledge——

Mr. REGAN. Yes, sir; so far as I know.

Mr. WHIPPLE (continuing). That night, and then went back the next day?

Mr. REGAN. Yes, sir.

Mr. WHIPPLE. Then, you received no advance information of anything that was to happen at Washington?

Mr. REGAN. Decidedly not, sir.

Mr. WHIPPLE. And within two months before, had you received from Mr. Tumulty any such information in advance of things that were going to transpire at Washington?

Mr. REGAN. Decidedly not, sir.

The CHAIRMAN. You say Mr. Tumulty said he was going to the Lambs' Gambol?

Mr. REGAN. Yes, sir.

The CHAIRMAN. And you presume he went?

Mr. REGAN. Yes, sir.

The CHAIRMAN. New York people always go where they say they are going, don't they?

Mr. REGAN. Well, I imagine so.

The CHAIRMAN. That is all.

Mr. GARRETT. What is that Lambs' Gambol? Explain that for the record, please.

Mr. REGAN. Why, the Lambs' Club, as far as I know, is a club that consists principally of professional men—I mean by that actors and managers—and they congregate on Sunday nights and give performances for the benefit of the members and their invited guests, which is one of the treats of New York City on Sunday nights.

Mr. BENNET. I think the committee ought to be very frank.

Mr. REGAN. Thank you, sir.

Mr. BENNET. The rumor is—put it that way—that through yourself or another you were short some thousands of shares of steel in the month of December. I take your answer to Mr. Whipple's interrogatory to negative that, both as to any account in your own name or in any account in which you had an interest held in the name of another. Is that correct?

Mr. REGAN. With anybody—nobody; nobody at all. I never carried a joint account in my life.

Mr. BENNET. Then, you were not, in any way, form, shape, or manner short of several thousand shares of Steel, or any shares of steel, in the month of December, except as shown by your account with J. S. Bache & Co., which you have before you or had before you when you testified?

Mr. REGAN. Absolutely and positively no.

Mr. BENNET. I think that your answer has covered what I had in mind, but for greater certainty, as they say in the law, were you a member of any syndicate which was operating in the stock market on the short side, or on the long side either, in the month of December?

Mr. REGAN. Decidedly no. I never operate only for myself.

Mr. BENNET. That is all.

The CHAIRMAN. Anything else, gentlemen? [After a pause.] You are excused, Mr. Regan.

TESTIMONY OF MR. STUART G. GIBBONEY.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name.

Mr. GIBBONEY. Stuart G. Gibboney.

Mr. WHIPPLE. Where do you reside?

Mr. GIBBONEY. 115 East Fifty-third Street, New York City.

Mr. WHIPPLE. And your occupation?

Mr. GIBBONEY. I am a lawyer.

Mr. WHIPPLE. Your profession, rather.

Mr. GIBBONEY. Yes, sir.

Mr. WHIPPLE. How long have you been practicing in New York?

Mr. GIBBONEY. I have been practicing law in New York since 1903—14 years. I was previously admitted in Virginia, before I came here.

Mr. WHIPPLE. Do you know Mr. Malcolm McAdoo?

Mr. GIBBONEY. I never met or saw Mr. Malcolm McAdoo in my life.

Mr. WHIPPLE. I notice that you give your name as Stuart G.—did you say?

Mr. GIBBONEY. Yes, sir.

Mr. WHIPPLE. Do you know who Mr. Malcolm McAdoo is?

Mr. GIBBONEY. I know that he is a brother of the Secretary of the Treasury.

Mr. WHIPPLE. Have you ever had an office in the Grand Central Station in New York?

Mr. GIBBONEY. No, sir; never.

Mr. WHIPPLE. Or at 165 Broadway?

Mr. GIBBONEY. I have an office at 165 Broadway. My firm has maintained an office there since it has been formed.

Mr. WHIPPLE. What is your firm?

Mr. GIBBONEY. Barber, Watson & Gibboney.

Mr. WHIPPLE. That possibly identifies you with a mention in this record.

Mr. GIBBONEY. Yes, sir.

Mr. WHIPPLE. May I read it to you, unless you have already been appraised of what has been said?

Mr. GIBBONEY. I do not think I have seen, except from the newspaper accounts, what was stated of me.

Mr. WHIPPLE. On page 289 Mr. Lawson, who was a witness before the committee, was asked by the chairman of the committee the identity of certain people regarding whom Mr. Lawson had testified without giving their names, and in reply to a certain question this answer was made:

The CHAIRMAN. The member of a great official's family?

Mr. LAWSON. Yes; a brother of Secretary McAdoo.

The CHAIRMAN. And his partner who did the go-betweening?

Mr. LAWSON. Stuart S. Gibboney.

The CHAIRMAN. Where does he live?

Mr. LAWSON. Well, he does business—both Mr. McAdoo and Mr. Gibboney have offices in the Grand Central Depot, in New York, and also at 165 Broadway, and one other place. They have three different offices.

I am sorry that there is no more definite statement in the record, but I will ask whether, in point of fact, you ever did any go-betweening for Mr. Secretary McAdoo or his brother, and any other people for any purpose or description whatever?

Mr. GIBBONEY. No, sir; I never did. I take it you refer to stock transactions?

Mr. WHIPPLE. Yes. Did you ever do any go-betweening for Secretary McAdoo or his brother with anybody on any subject?

Mr. GIBBONEY. I do not know just what you mean by go-betweening.

Mr. WHIPPLE. Well, I am quoting.

Mr. GIBBONEY. I have been a friend of Secretary McAdoo for a great many years and on occasions I have seen people on personal matters for him or on political matters, but I never did any go-betweening with relation to any stock accounts.

Mr. WHIPPLE. I am very glad you put that in, because I did not know that you knew the Secretary or had had social or business relations with him. I will put the question now, although perhaps you have answered it. Have you ever had anything to do with any stock transaction of any sort or description for the Secretary since he has been Secretary of the Treasury?

Mr. GIBBONEY. Never since he has been Secretary of the Treasury or at any time.

Mr. WHIPPLE. Have your relations been that of counsel for him?

Mr. GIBBONEY. Never at any time, except I may qualify that in this way: That my firm has acted as attorneys for the Comptroller of the Currency in national bank receiverships here in New York City; and I did counsel work for the Federal Reserve organization committee, of which Mr. McAdoo was a member.

Mr. BENNET. Mr. Gibboney, coming down to the question of this peace note, did you have any advance information as to the President's note prior to its appearance in the newspapers?

Mr. GIBBONEY. None whatever.

Mr. BENNET. Did you ever discuss this note with any person whatever prior to its appearance in the newspapers?

Mr. GIBBONEY. I never did.

Mr. BENNET. Have you any business other than the practice of law?

Mr. GIBBONEY. None whatever.

Mr. BENNET. Concerning the buying or selling of stock, have you a brokerage account with any one in the city of New York, either in your name or in the name of any one else?

Mr. GIBBONEY. I have not.

Mr. BENNET. Did you have any in the month of December, 1916?

Mr. GIBBONEY. I did not.

Mr. BENNET. Were you ever interested in any account kept in any brokerage house in New York City?

Mr. GIBBONEY. I have never maintained an account for the sale of stocks on margin at any time in New York City with any broker.

Mr. BENNET. I do not know whether that is a precise answer to the question.

Mr. GIBBONEY. Well, I have sold stocks on the Stock Exchange for estates for which I was attorney. I have made legitimate sales of stocks, and I have at times made purchases of stocks outright, but I have never maintained a margin account in New York City in any way.

Mr. BENNET. Were you ever interested in any marginal account kept in any brokerage house in New York City?

Mr. GIBBONEY. Never.

Mr. BENNET. You have exercised your prerogative of buying stocks when you felt like it, that is, buying them outright?

Mr. GIBBONEY. Yes, sir. But never on margin.

Mr. BENNET. In December, 1916, were you buying or selling stocks outright?

Mr. GIBBONEY. I did not buy or sell any stocks outright or on margin during that month.

Mr. BENNET. There has been some mention of your name in the record in connection with the firm of C. D. Barney & Co. Do you know any of the persons composing the firm of C. D. Barney & Co., or did you know, in December, 1916?

Mr. GIBBONEY. I did not. I do not know now any of the members of the firm.

Mr. BENNET. I assume that it is a fair assumption that if you do not know them you had no business relations with them?

Mr. GIBBONEY. None whatever.

Mr. BENNET. Is Mr. Lawson a personal friend of yours?

Mr. GIBBONEY. I never saw or met Mr. Lawson in my life.

Mr. HARRISON. You have heard of him?

Mr. GIBBONEY. I have heard of him.

Mr. BENNET. Outside of the relations which you have testified to which your firm occupied as attorneys for the receivers of failed national banks, have you ever had any business relations whatever with the Secretary of the Treasury, Mr. McAdoo?

Mr. GIBBONEY. None.

Mr. BENNET. You will pardon me if I ask you the next question. Your name, of course, in New York City has been more or less connected with that of Secretary McAdoo in the public press. Will you please state just what the relations have been between you and the Secretary of the Treasury, both socially and business, since you first met him?

Mr. GIBBONEY. I have known the Secretary——

Mr. BENNET (interposing). Or since the 4th of March, 1915. We have no right to go back of that, unless you care to.

Mr. GIBBONEY. I would like to make that statement because—I would like to answer that question because there have been so many misstatements made in the public print about Mr. McAdoo and myself. I have known Mr. McAdoo for a number of years and I have been a close personal friend of his. My first intimate association with him was when he was president and I was secretary of the New York Southern Society. I was secretary for many years and he was president for some three years. We were thrown in close personal association.

My next close association with him was in the preconvention Wilson campaign when Mr. McAdoo and Mr. McCombs and I were associated together.

I was next associated with him in the national campaign when Mr. McAdoo was acting chairman during most of the campaign.

I was associated with him in what was known as the Contributors' League, which was an organization of which Mr. Charles R. Craig was president and I was secretary.

Mr. BENNET. What is the name of the league?

Mr. GIBBONEY. The Contributors League. Since Mr. McAdoo has been at Washington the only relation I have occupied is this: My firm has done the work in New York for the Comptroller of the Currency in the matter of national-bank receiverships and I did some work as counsel for the Federal Reserve organization committee

of which Mr. McAdoo was a member. Other than that I have had no associations whatever with Mr. McAdoo except those of a personal friend, and occasionally he and I have talked politics.

Mr. BENNET. Well, that is a freeman's right. Have you any information as to who gave Mr. Lawson the information or misinformation on which he connected you and Secretary McAdoo and Secretary McAdoo's brother with an alleged brokerage-house account? That is, any information other than hearsay?

Mr. GIBBONEY. None whatever.

Mr. BENNET. I think I have seen it in the newspapers that you were arranging—I think the cheerful inference was—in connection with Secretary McAdoo, some sort of shipping combination of vessels to be turned over to the Shipping Board, depending in whole or in part on the influence of Secretary McAdoo to make that transfer. Is there any basis of truth for that statement?

Mr. GIBBONEY. None whatever. I was never in any business arrangement whatever with Mr. McAdoo, certainly none in connection with any steamships.

I do not represent as counsel the Hudson Navigation Co., which operates the boats on the Hudson River, and I have done counsel work occasionally for the United States Steamship Co.

Mr. BENNET. That is all.

Mr. POU. Mr. Gibboney, the name Stuart G. Gibboney has been mentioned here and also Stuart S. Gibboney. Do you know of any Stuart S. Gibboney?

Mr. GIBBONEY. I believe I am the only man by the name of Gibboney in the New York telephone directory.

Mr. BENNET. Well, you are clearly the man meant by Mr. Lawson because you are a member of the firm of Barber, Watson & Gibboney and your offices are at 165 Broadway?

Mr. GIBBONEY. Yes, sir.

Mr. BENNET. And the mere mistake of the initial does not amount to anything?

Mr. GIBBONEY. Yes, sir; I take it that I am the man mentioned. I take it that what Mr. Lawson meant to do was to reflect upon the name of the Secretary of the Treasury because my name has been connected with his here in New York.

Mr. BENNET. And of course every one knows the close political relations with the Secretary which you have, of which you make no denial and do not see any reason to make any denial?

Mr. GIBBONEY. None whatever.

Mr. BENNET. And it has not yet got to that point in this country where men who belong to a certain party have not the right to confer together for the interests of that party?

Mr. GIBBONEY. I am glad to hear you say that.

Mr. BENNET. That is all.

The CHAIRMAN. Who is the next witness?

Mr. WHIPPLE. Mr. Harding.

TESTIMONY OF MR. J. HORACE HARDING.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, Mr. Harding.

Mr. HARDING. J. Horace Harding.

Mr. WHIPPLE. You are a stock broker?

Mr. HARDING. I am.

Mr. WHIPPLE. And a member of the stock exchange house of C. D. Barney & Co.?

Mr. HARDING. That is right.

Mr. WHIPPLE. How many seats have they in the stock exchange.

Mr. HARDING. Two.

Mr. WHIPPLE. How many partners are there in the firm?

Mr. HARDING. Seven.

Mr. WHIPPLE. And your place of business?

Mr. HARDING. New York and Philadelphia.

Mr. WHIPPLE. Where in New York?

Mr. HARDING. 15 Broad Street.

Mr. WHIPPLE. How long has that firm been in existence?

Mr. HARDING. Since 1873.

Mr. WHIPPLE. And continuously since then?

Mr. HARDING. Yes, sir.

Mr. WHIPPLE. In New York and Philadelphia, and you maintain offices in New York and Philadelphia?

Mr. HARDING. In New York since 1903. Prior to that time in Philadelphia.

Mr. WHIPPLE. And therefore it is a Philadelphia house with a branch, or perhaps your principal house now, in New York City?

Mr. HARDING. Yes, sir.

Mr. WHIPPLE. What is the general character of the business that your firm carries on? Are you a leased-wire house? Is that what it is called?

Mr. HARDING. No. We have no wires, except to our own offices in Philadelphia.

Mr. WHIPPLE. And you have no branch offices?

Mr. HARDING. No.

Mr. WHIPPLE. Except that in Philadelphia, if that is a branch office?

Mr. HARDING. Yes, sir.

Mr. WHIPPLE. Your clientele, then, is confined largely, I take it, to Philadelphia and New York?

Mr. HARDING. Largely; yes.

Mr. WHIPPLE. And people who live in either one or the other of those cities deal through those offices?

Mr. HARDING. Or throughout the country?

Mr. WHIPPLE. The name of your firm has been mentioned in this record, Mr. Harding. Mr. Lawson was a witness before this committee, and on page 289 of the record made answers in this form. He was asked the name of the big banking house which did business, referring to the business of carrying an account for one of the Washington officials, and he said the name of that big banking house was C. D. Barney & Co. That is your firm?

Mr. HARDING. Yes, sir.

Mr. WHIPPLE. I will ask you whether in December last or at any time last year your firm did carry an account for Mr. McAdoo, the Secretary of the Treasury, or one in which he was in any way interested, directly or indirectly or remotely?

Mr. HARDING. Not to any knowledge that we have ever had.

Mr. WHIPPLE. Did you have any communication from the Secretary on the subject matter of any such account?

Mr. HARDING. I never did.

Mr. WHIPPLE. Or an account in which his brother, Mr. Malcolm McAdoo, was interested?

Mr. HARDING. I did not.

Mr. WHIPPLE. Or an account in which the last witness, Mr. Gibboney, either had anything to do with or gave any orders on?

Mr. HARDING. We did not.

Mr. WHIPPLE. Do you put that denial in the broadest form, that you have no knowledge, inkling, or suspicion of Mr. Secretary McAdoo or his brother being interested in any such account?

Mr. HARDING. In as broad a form as you can possibly put it.

Mr. WHIPPLE. Do you know Mr. Secretary McAdoo?

Mr. HARDING. I do.

Mr. WHIPPLE. Did you see him at all last year?

Mr. HARDING. I did.

Mr. WHIPPLE. What were the circumstances?

Mr. HARDING. I lunched with him, or rather we were both guests at the same house to luncheon at the same time last summer. That is the only time I saw him during the year.

Mr. WHIPPLE. And you have had no communication with him directly or indirectly?

Mr. HARDING. None whatever.

Mr. WHIPPLE. Except that?

Mr. HARDING. I have not.

Mr. WHIPPLE. Are you familiar with the transactions of your firm during last December?

Mr. HARDING. I am.

Mr. WHIPPLE. You are as familiar as any one of the partners as to the business they were conducting?

Mr. HARDING. Yes, sir. I do not attempt to carry all the details, but I am familiar with them.

Mr. WHIPPLE. You have the greatest familiarity of any one connected with the firm, I take it?

Mr. HARDING. Well, it is a pretty big business. We all have familiarity with it.

Mr. WHIPPLE. Let me ask you this: So far as you know, have you an account with any person in official life in Washington?

Mr. HARDING. We have not.

Mr. WHIPPLE. Either of high or low degree?

Mr. HARDING. We have not.

Mr. WHIPPLE. Or directly or indirectly?

Mr. HARDING. We have not.

Mr. WHIPPLE. Did you during December have any dealings with the firm of Hutton & Co. or any of the partners in the firm?

Mr. HARDING. Not unless it was on the floor of the Exchange, buying and selling stocks.

Mr. WHIPPLE. Nothing in the shape of carrying an account?

Mr. HARDING. Nothing.

Mr. WHIPPLE. Did you know or have either knowledge or information of any pool operating in the stock market on the short side or on the long side of the market?

Mr. HARDING. I did not.

Mr. WHIPPLE. In December at any time?

Mr. HARDING. I did not.

Mr. WHIPPLE. Would you be likely to be able to detect that sort of thing?

Mr. HARDING. Do you mean by pool—do you mean generally in the market or in any stocks? I would not want to make any broad denial that I did not know that there was any joint account in stocks, but I know they had nothing to do with the speculative situation that existed at the time of the peace note.

Mr. WHIPPLE. That is all the committee are interested in.

Mr. HARDING. There was nothing of that kind.

Mr. WHIPPLE. As to whether you knew of any combination of men who were operating in the market at that time?

Mr. HARDING. No, sir; I do not.

Mr. WHIPPLE. In any particular stock?

Mr. HARDING. No.

Mr. WHIPPLE. Have you any way of advising yourself promptly of happenings in Washington which are likely to affect the stock market?

Mr. HARDING. We have not.

Mr. WHIPPLE. Have you any representative in Washington?

Mr. HARDING. We have not.

Mr. WHIPPLE. Do you employ or pay any one there for giving you information?

Mr. HARDING. We do not.

Mr. WHIPPLE. On December 20 did you have any telegrams or messages or information with regard to what has been called the President's peace note?

Mr. HARDING. We did not.

Mr. WHIPPLE. You take the Wall Street Journal?

Mr. HARDING. Yes, sir.

Mr. WHIPPLE. And the ticker service?

Mr. HARDING. Yes, sir.

Mr. WHIPPLE. Did you happen to notice personally a small item in the ticker service about 2 o'clock in regard to a peace note?

Mr. HARDING. I did not notice it personally. I heard one of our employees mention that there was some talk of a peace note, but it made no marked impression.

Mr. WHIPPLE. Did you do anything or did your firm do anything for its customers on that account?

Mr. HARDING. No.

Mr. WHIPPLE. Did you take any measures to verify it in any way?

Mr. HARDING. No; we did not.

Mr. WHIPPLE. At that time, take it during the week of December 18, were your firm's loans larger than usual or ordinary? I mean, were you extended in carrying long accounts?

Mr. HARDING. No; there was not a variation of half a million dollars throughout the week.

Mr. WHIPPLE. Had there been during the autumn?

Mr. HARDING. A gradual increase in loans.

Mr. WHIPPLE. That showed that the speculation on the long side had been increasing?

Can you state to the committee the gross number of shares that you held for long account and short account?

Mr. HARDING. I could not. I do not think the gross number of shares that we were long on would have any bearing on this investigation or how many thousand shares we might have been short.

Mr. WHIPPLE. The committee has thought it might have a bearing in certain aspects. Would it be very difficult?

Mr. HARDING. It would be very difficult, and I do not think it would convey anything to your mind. The transactions of that week would be more important, or around that time.

Mr. WHIPPLE. Can you now state in a general way whether you were carrying more long accounts than short accounts?

Mr. HARDING. Oh, 97 per cent of long accounts. We might have in our office short accounts amounting to 2 per cent or possibly 1 per cent.

Mr. WHIPPLE. Then the short accounts would be practically negligible?

Mr. HARDING. Practically so.

Mr. WHIPPLE. Therefore your customers were practically all in a position to lose if there was a break in the market?

Mr. HARDING. Practically all; yes.

Mr. WHIPPLE. That covers as much as the committee would like to have, a general notion. Can you tell the committee about the transactions of that week, the transactions that were conducted in the different active clearing-house stocks?

Mr. HARDING. Our purchases were about 65,000 shares and the short selling was 1,500 shares.

Mr. WHIPPLE. Did you also make sales that were not short selling?

Mr. HARDING. Well, we did, yes; but nothing except stocks that had been bought and which people were trading in, as well as selling by investors.

Mr. WHIPPLE. So far as your customers were concerned there was no serious movement during that week?

Mr. HARDING. No unusual activity at all.

Mr. WHIPPLE. And no great short selling observable?

Mr. HARDING. No.

Mr. WHIPPLE. Did your own firm or the individuals of the firm carry accounts during that week?

Mr. HARDING. We do not speculate as a firm at all.

Mr. WHIPPLE. Or the individuals?

Mr. HARDING. Nor the individuals either.

Mr. WHIPPLE. Speaking by way of illustration, how large were the transactions of your largest customers during that week?

Mr. HARDING. Well, I could not answer you that question without I refer to the various accounts, but there was nothing significant in any of them. The total purchases I have given you.

Mr. WHIPPLE. Could you state approximately whether they would run up into thousands of shares?

Mr. HARDING. Well, I would have to look at the accounts in order to furnish that information. It might have been 5,000, 10,000, or 20,000 shares; but it was a rather inactive time for us.

Mr. WHIPPLE. And there was nothing unusual?

Mr. HARDING. Nothing unusual at all.

Mr. WHIPPLE. I do not know whether the committee will like to have more definite information as to the larger accounts or not. Let

me ask this: Have you filed with the clearing house chairman the statement that the committee asked for?

Mr. HARDING. I have not, because there was nothing in any of our accounts. We are unwilling to give the names of our clients for any use, but we are perfectly willing to have you or any member of the committee look at our books.

Mr. WHIPPLE. The stipulation was made that only the members of the committee should look at the list of your customers and that then the list would be returned to you and no copy be kept. Do you see any objection to that?

Mr. HARDING. We have no objection to giving a list of our customers to anybody, but we do not see that it accomplishes anything. The purpose of this committee is to find if any of our people did anything during that period that showed a knowledge of this leak; there is nothing on our books that indicates any such knowledge. I have been over them very carefully and I can testify under oath that there was no knowledge in evidence on the part of our customers which would show anything of that character.

Mr. WHIPPLE. You are attempting to define the purpose of the committee and the scope of their inquiry. Of course, while your opinion is valuable, they have got to refer to the House resolutions for that, and ultimately they must be the judges and definers of the scope of their inquiry. However, it is somewhat beyond what you state. Among other things they require a statement of the names of customers in order to find out whether any of them are in the service of the Government in any form. Of course, they can not take your evidence, because I fail to see how you can know everyone in the Government service.

Mr. HARDING. But I know all of our customers.

Mr. WHIPPLE. How many customers have you?

Mr. HARDING. Several hundred.

Mr. WHIPPLE. Can you take your oath that not one of them is in the Government service?

Mr. HARDING. I can.

Mr. WHIPPLE. That is, you know all about them?

Mr. HARDING. I do.

Mr. WHIPPLE. And their connections?

Mr. HARDING. Yes.

Mr. WHIPPLE. It will have to be left with the committee to deal with that. I will pass on to another question for the moment. Did you know of a conference of bankers along in the autumn and a determination that measures be taken to limit speculation?

Mr. HARDING. I only heard of it; I was not present at it.

Mr. WHIPPLE. When did you hear it occurred?

Mr. HARDING. I could not fix the date at all.

Mr. WHIPPLE. How did you hear it?

Mr. HARDING. Mr. Bache told me of it.

Mr. WHIPPLE. Did he say he was present?

Mr. HARDING. Yes, sir. As I understood it, it was a meeting of the wire houses in order to discuss the large amount of business that went over their wires and to do something to curtail it.

Mr. WHIPPLE. Did you hear of any meeting of bankers or people who were loaning money?

Mr. HARDING. I never did.

Mr. WHIPPLE. The question as to whether the committee will require a list of customers—which, so far as I know, have been furnished pretty generally by the brokers—is now raised by Mr. Harding. I understand he is willing that the committee shall go to his office and look over his list of customers. However, it would be extremely inconvenient for the committee or any subcommittee of the committee to do that.

The CHAIRMAN. The committee, of course, is trying to pursue a uniform rule. You state you are willing that the committee should go and look over a list of your customers as contained in your books. Of course, that would be impracticable for us, with the work that we have before us, but if you are willing to do that, are you not also willing to furnish to the committee, in confidence, the names of your customers with the assurance that no copy is to be retained, the only thing being that the committee and counsel may look over that list of customers which would, in effect, be the same as looking over your books?

Mr. HARDING. I do not want to pass out a list of our clients; we do not care to have them made public, and so many of these papers are taken and made a matter of news.

The CHAIRMAN. We have had a great many of those papers given to us in confidence, although I do not know how many, and a great many other things have been submitted to us in that way. We only want to inspect this list, and if we found that there was one name or several names which have some significance attached to them we might want to look into them a little further. This is the rule we have been pursuing, and so far no broker has declined to furnish us that list on those terms. We have no desire to make the names public in any way.

Mr. WHIPPLE. I think over 400 brokers have furnished just such a list.

Mr. HARDING. If you will give me your assurance that no publicity will be given to it, we will let you have it.

The CHAIRMAN. Well, that is all we want, and you will understand that the same rule is to apply.

Mr. WHIPPLE. The stipulation is that it shall not be looked at by any person, even in the clearing house, outside of the members of the committee and its counsel, and that no names will be disclosed except such names, if any, as would be the names of some one in the Government service or some one against whom this investigation is directed.

The CHAIRMAN. You may place such a list in a sealed envelope and it will be delivered in confidence to the committee. If you will do that you will save the committee a good deal of time because if we had to adjourn in order to go and look over your books it would be necessary to leave off work on a lot of things that we have before us.

Mr. HARDING. You will not waste much time in going over our list, because there will not be anyone on it in the Government service.

The CHAIRMAN. We accept your statement about that, but we would like to have such a list in order to pursue a uniform rule.

Mr. HARDING. All right.

Mr. HARRISON. I want to ask you about this meeting. When was it that Mr. Bache told you about this meeting of these wire houses?

Mr. HARDING. I could not give you the date.

Mr. HARRISON. About when was it?

Mr. HARDING. I really have not the date fixed upon my mind at all.

Mr. HARRISON. When did he say the meeting was held?

Mr. HARDING. He did not give me any date. I should think it was in the early part of December, or somewhere around the middle of December.

Mr. HARRISON. Where did he say the meeting took place?

Mr. HARDING. I do not know that he told me.

Mr. HARRISON. At the Metropolitan Club?

Mr. HARDING. I think he said at the Metropolitan Club.

Mr. HARRISON. Did he give you the names of any of those present at that meeting?

Mr. HARDING. He did not. He told me, so far as I recall, that the representatives of 15 wire houses went over the situation as to the great craze of the west to purchase stocks, and that something ought to be done to check it. They were trying to buy all the stocks there were and running up a great amount of loans, and the sentiment of the New York houses was that it ought to be stopped.

Mr. HARRISON. Did they pass any resolution?

Mr. HARDING. No; they had no authority. It was a formal meeting, as I understand it.

Mr. HARRISON. What did they do? Did they agree upon anything at all at that meeting?

Mr. HARDING. I do not know; I was not there.

Mr. HARRISON. You do not know of anyone else that was present except Mr. Bache?

Mr. HARDING. No; I do not.

Mr. BENNET. I want to ask you about this luncheon at which you and Secretary McAdoo were present. Was that purely a social gathering?

Mr. HARDING. Absolutely.

Mr. BENNET. At the home of a mutual friend?

Mr. HARDING. Yes, sir.

Mr. BENNET. Was it a large gathering?

Mr. HARDING. Oh, about a dozen.

Mr. BENNET. All men?

Mr. HARDING. No; Mrs. McAdoo was there, and my wife, as well as some others.

TESTIMONY OF MR. FREDERICK R. LOCKWOOD.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name.

Mr. LOCKWOOD. Frederick R. Lockwood.

Mr. WHIPPLE. What is your residence?

Mr. LOCKWOOD. 92 Danforth Avenue, Jersey City.

Mr. WHIPPLE. What is your occupation?

Mr. LOCKWOOD. Brokerage.

Mr. WHIPPLE. Are you a member of a firm?

Mr. LOCKWOOD. F. M. Lockwood & Co.

Mr. WHIPPLE. What is the full name of the firm?

Mr. LOCKWOOD. F. M. Lockwood & Co.

Mr. WHIPPLE. How many partners are there?

Mr. LOCKWOOD. Two.

Mr. WHIPPLE. Where is your place of business?

Mr. LOCKWOOD. 52 Broadway.

Mr. WHIPPLE. You are a stock-exchange house?

Mr. LOCKWOOD. Yes, sir.

Mr. WHIPPLE. And have been for how many years?

Mr. LOCKWOOD. A great many years.

Mr. WHIPPLE. What is the general nature or character of your business?

Mr. LOCKWOOD. Investments and speculative, to some extent.

Mr. WHIPPLE. Are you a leased-wire house?

Mr. LOCKWOOD. We only have one wire to our own office in Baltimore.

Mr. WHIPPLE. What is the name of the concern there?

Mr. LOCKWOOD. F. M. Lockwood & Company.

Mr. WHIPPLE. Are you agent for Mittendorf, Williams & Company, of Baltimore?

Mr. LOCKWOOD. No, sir.

Mr. WHIPPLE. Have you any connection with them at all?

Mr. LOCKWOOD. We do business for them.

Mr. WHIPPLE. What are they?

Mr. LOCKWOOD. They are bankers and brokers.

Mr. WHIPPLE. Members of the stock exchange?

Mr. LOCKWOOD. No; they are not; they are incorporated.

Mr. WHIPPLE. How do they get their orders to you?

Mr. LOCKWOOD. Through our Baltimore office.

Mr. WHIPPLE. That is, they are patrons of your Baltimore office?

Mr. LOCKWOOD. Yes, sir.

Mr. WHIPPLE. But they have a clientele of their own, have they?

Mr. LOCKWOOD. I beg pardon.

Mr. WHIPPLE. They have customers of their own?

Mr. LOCKWOOD. Undoubtedly.

Mr. WHIPPLE. But they simply turn their orders over to you?

Mr. LOCKWOOD. To a very limited extent. We do not do a big business for them.

Mr. WHIPPLE. Out of which they get no commission, but they get their interest charges?

Mr. LOCKWOOD. That I can not say.

Mr. WHIPPLE. Well, they would not have any right to a commission unless they were a stock exchange house?

Mr. LOCKWOOD. Well, frequently out of town houses make an extra charge.

Mr. WHIPPLE. But they do not get any of your commission?

Mr. LOCKWOOD. No, indeed.

Mr. WHIPPLE. Are they agents of J. S. Williams & Co., of Richmond?

Mr. LOCKWOOD. I think they are connected in some way, but I can not answer that.

Mr. WHIPPLE. Is your firm the agent of that concern?

Mr. LOCKWOOD. We have nothing to do with them, sir.

Mr. WHIPPLE. Who is connected with J. S. Williams & Co., of Richmond?

Mr. LOCKWOOD. J. S. Williams & Son, sir. Is not that the firm you are talking about?

Mr. WHIPPLE. I am sure I do not know, but I guess it is.

Mr. LOCKWOOD. They are connected, I think, with Mittendorf, Williams & Co. in some way, but I do not know how.

Mr. WHIPPLE. You do not know in what way?

Mr. LOCKWOOD. No.

Mr. WHIPPLE. Has your firm any means of collecting information or receiving prompt notice of the happening of events in Washington that might affect the stock market?

Mr. LOCKWOOD. None whatever.

Mr. WHIPPLE. Have you any correspondents there?

Mr. LOCKWOOD. Not in Washington.

Mr. WHIPPLE. Or any person in your employ?

Mr. LOCKWOOD. Any person in my employ? How do you mean?

Mr. WHIPPLE. In Washington, picking up news, or anything of that kind?

Mr. LOCKWOOD. No, indeed.

Mr. WHIPPLE. So far as you know, have you on your records as customers, directly or indirectly, any Government official or any person in official life in Washington?

Mr. LOCKWOOD. No, sir; we have not.

Mr. WHIPPLE. Are you sure that you have not?

Mr. LOCKWOOD. I am as sure as I can be of anything.

Mr. WHIPPLE. That is, you have looked your list of customers over?

Mr. LOCKWOOD. I know the name of every customer.

Mr. WHIPPLE. During December, 1916, did you have any dealings with Hutton & Co.?

Mr. LOCKWOOD. I presume we did on the floor, but we did no business for them, if that is what you mean.

Mr. WHIPPLE. Neither they nor any of their partners carried accounts with you?

Mr. LOCKWOOD. No, sir.

Mr. WHIPPLE. What was the first news, if you received any, of the President's peace note, so-called, issued on the morning of December 21?

Mr. LOCKWOOD. What we saw in the papers; that was all.

Mr. WHIPPLE. Do you not have ticker service?

Mr. LOCKWOOD. Yes.

Mr. WHIPPLE. Had you not noticed it the day before?

Mr. LOCKWOOD. If it was published I noticed it.

Mr. WHIPPLE. But it does not impress you at all?

Mr. LOCKWOOD. No.

Mr. WHIPPLE. Generall speaking, how did your accounts stand during the week of December 18 in respect to being long or short?

Mr. LOCKWOOD. Practically all long; during December we were at no time short of 3,000 shares for all of our customers together.

Mr. WHIPPLE. And during this week of December 18 there was no particular short movement through your office?

Mr. LOCKWOOD. No, indeed.

Mr. WHIPPLE. Did you detect any selling movement among the customers in your office on the afternoon of December 20?

Mr. LOCKWOOD. If I remember correctly they sold gradually all through that period; that is, our loans went down some.

Mr. WHIPPLE. By the way, had your loans grown rapidly during October and November?

Mr. LOCKWOOD. They had increased somewhat?

Mr. WHIPPLE. Anything abnormal or alarming to you?

Mr. LOCKWOOD. Oh, no.

Mr. WHIPPLE. There was no very marked increase?

Mr. LOCKWOOD. Well, faster than we liked.

Mr. WHIPPLE. Had you been notified of any proposed limitation or restriction upon speculation by way of shortening loans?

Mr. LOCKWOOD. No.

Mr. WHIPPLE. Or of limiting loans?

Mr. LOCKWOOD. None whatever.

Mr. WHIPPLE. You had not heard of this Metropolitan Club meeting?

Mr. LOCKWOOD. No, not until long afterwards.

Mr. WHIPPLE. Will you tell us, in a general way, about the transactions during that week, that is, one or two of your larger customers, and how large lots they were trading in?

Mr. LOCKWOOD. We have no large customers, sir, in the sense of speculation. We did not execute a 1,000 share order during all of that time.

Mr. CAMPBELL. Have you furnished a list of the names of your customers to the clearing house of the Stock Exchange?

Mr. LOCKWOOD. Yes, sir. Here they are. They have returned them to me for use down here, in case you wished to see them.

Mr. CAMPBELL. I wish you would be kind enough to leave them with the committee, so that we can inspect them, under the regulations provided by the committee.

Mr. LOCKWOOD. Here are all of the transactions that took place at that time; everybody who sold over 1,000 shares during the two weeks. Is that what you wish, sir?

The CHAIRMAN. Is that a list of your customers?

Mr. LOCKWOOD. Yes, sir.

Mr. CAMPBELL. That is the list we want.

Mr. WHIPPLE. Would you like to have that list restored to the custody of the clearing house?

Mr. CAMPBELL. Yes.

Mr. LOCKWOOD. I understand that nobody except the committee and counsel are to examine the list?

The CHAIRMAN. That is right.

Mr. WHIPPLE. It may be restored to Mr. Streit, because the committee does not wish to examine it now.

Mr. CAMPBELL. Does this list show the names carried at your Baltimore house?

Mr. LOCKWOOD. It shows the names of every correspondent we have, sir.

Mr. CAMPBELL. Whether from Baltimore or elsewhere?

Mr. LOCKWOOD. All of our accounts.

Mr. GARRETT. You mean customers?

Mr. LOCKWOOD. Do I understand that I am to take these back to the office and send them to Mr. Streit? I will seal them up and send them to Mr. Streit.

The CHAIRMAN. Yes.

Mr. GARRETT. Pardon me. You spoke of correspondents. Did you mean customers?

Mr. LOCKWOOD. Yes, they are customers, of course.

Mr. GARRETT. And that shows all of them?

Mr. LOCKWOOD. Yes, everybody who had an account on our books.

Mr. GARRETT. Will you answer the question also as to whether you happen to know whether there were any names of officials on your books?

Mr. LOCKWOOD. I have answered that. I told him that there were not.

Mr. BENNET. Counsel asked you about the firm of Mittendorf, Williams & Co., of Baltimore. Was there any particular significance about that firm, so far as you know? Have they any Government connection?

Mr. LOCKWOOD. Well, I do not know. I think that the Williams in that firm is connected with John Skelton Williams—a brother or something of that kind.

Mr. BENNET. The Comptroller of the Currency?

Mr. LOCKWOOD. Yes, sir.

Mr. BENNET. Now, the other Williams. I was rather struck by the similarity of the names.

Mr. LOCKWOOD. The other Williams is John L. Williams & Sons, of Richmond. Is that the one you mean?

Mr. BENNET. Yes.

Mr. LOCKWOOD. They are also brothers, I think, of the comptroller. However, I am not certain of that.

Mr. BENNET. Through either of these firms, if you recall, did your firm receive any orders to buy or sell stocks at any time between the 10th and 20th of December?

Mr. LOCKWOOD. Mittendorf, Williams & Co. have given us practically no business in clearing house stocks in many months.

Mr. BENNET. Have they given you any orders to sell bonds?

Mr. LOCKWOOD. Not in any quantity. We have dealt a good deal in curb stocks for them.

Mr. BENNET. Curb stocks?

Mr. LOCKWOOD. Yes, sir.

Mr. BENNET. Were their orders there ordinarily buying or selling orders?

Mr. LOCKWOOD. Why, it is hard to say.

Mr. BENNET. At any rate, that is all on your books?

Mr. LOCKWOOD. That is all on our books.

Mr. BENNET. Did they send you any orders to sell Anglo-French bonds at any time?

Mr. LOCKWOOD. I do not think so.

Mr. BENNET. That covers both the firm of John L. Williams & Sons of Richmond and Mittendorf, Williams & Co., of Baltimore?

Mr. LOCKWOOD. We do nothing for the Richmond firm. We have no connection with the Richmond firm at all. They are not correspondents of ours.

Mr. BENNET. Do you know who their New York correspondent is or who their New York correspondents are?

Mr. LOCKWOOD. I do not know.

Mr. BENNET. Do you know who the other correspondents in New York City of Mittendorf, Williams & Co. are?

Mr. LOCKWOOD. I know one of them. They have their own offices here.

Mr. BENNET. Oh, they have an office here?

Mr. LOCKWOOD. They have an office here.

Mr. BENNET. And if they want to do any transactions on the stock exchange, of course, they would have to get some stock exchange firm to do it?

Mr. LOCKWOOD. Yes. I think that Arthur Lipper & Co. are correspondents of theirs.

Mr. BENNET. And your firm and Arthur Lipper & Co. do whatever business that Mittendorf, Williams & Co. do here, so far as you know?

Mr. LOCKWOOD. I know of no others who do it for them.

Mr. BENNET. I think that is all.

TESTIMONY OF MR. JULIUS S. BACHE.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Bache, will you give your full name?

Mr. BACHE. Julius S. Bache.

Mr. WHIPPLE. You are a resident of New York?

Mr. BACHE. I am.

Mr. WHIPPLE. A stockbroker?

Mr. BACHE. A stockbroker.

Mr. WHIPPLE. Senior member of the firm of J. S. Bache & Co.?

Mr. BACHE. I am.

Mr. WHIPPLE. And your office is where?

Mr. BACHE. 42 Broadway.

Mr. WHIPPLE. You are a stock exchange house?

Mr. BACHE. Yes, sir.

Mr. WHIPPLE. And have been for a great many years?

Mr. BACHE. A great many years.

Mr. WHIPPLE. Are you the active man on the exchange?

Mr. BACHE. On the exchange? No; I am not a member of the exchange.

Mr. WHIPPLE. Who are the active members?

Mr. BACHE. My brother, Mr. Leopold S. Bache, and Mr. Frederick Lloyd Richards.

Mr. WHIPPLE. They have then two or perhaps more seats on the exchange?

Mr. BACHE. We have three seats.

Mr. WHIPPLE. What is the general nature of the business? To indicate what I mean, are you a leased-wire house, so called?

Mr. BACHE. We do a large leased-wire business.

Mr. WHIPPLE. Will you state in a general way where your connections are throughout the United States?

Mr. BACHE. We have a wire to Philadelphia, to Baltimore, then we go to Chicago, to Kansas City, and St. Louis. We go to Boston; we go to Troy, Albany, Syracuse, Rochester, Buffalo, and Montreal. We go to Pittsburgh, we go to Minneapolis, we go to Cincinnati, and New Orleans.

Mr. WHIPPLE. Are they all branch houses or correspondents?

Mr. BACHE. The branch houses are at Atlantic City, Buffalo, Baltimore, Troy, Montreal, Rochester, Saratoga, Syracuse, and Albany.

Mr. WHIPPLE. Speaking generally, what proportion of your business comes through the correspondents?

Mr. BACHE. You mean through our wires?

Mr. WHIPPLE. Yes.

Mr. BACHE. Sixty-six per cent.

Mr. WHIPPLE. And what proportion comes through to your home office from your branch houses?

Mr. BACHE. Oh, 66 per cent is through our branch houses. We do 33 per cent of our business here in New York.

Mr. WHIPPLE. Are there customers here of any particular class? I mean large speculators?

Mr. BACHE. Some.

Mr. WHIPPLE. And you carry some very large accounts?

Mr. BACHE. Yes; we consider them so.

Mr. WHIPPLE. Both on the short and on the long side of the market?

Mr. BACHE. Well, we are not very prominent on the short side. I mean to say that we have very few customers who are short sellers.

Mr. WHIPPLE. I might as well ask you now whether you can tell in a general way how your customers stood on the long or short side of the market in the week of December 18 last year?

Mr. BACHE. I have a record of it.

Mr. WHIPPLE. Very good. That is first-rate.

Mr. BACHE. Will you select the dates?

Mr. WHIPPLE. You can select any day of the week, or if you can give it for the different days, that would be better.

Mr. BACHE. Well, on December 18 (I am speaking merely of clearing-house stocks) we were long 724,800 shares of stock and short of 34,100 shares of stock.

On December 19 we were long of 716,200 shares of stock and short of 36,900 shares of stock.

On December 20 we were long 749,100 shares of stock and short of 39,800 shares of stock.

On December 21 we were long 755,900 shares of stock and short of 40,000 shares of stock.

On December 22 we were long 734,600 shares of stock and short 40,300 shares of stock. That is all.

Mr. WHIPPLE. The activities of your firm on the short side of the market changed very little?

Mr. BACHE. It was almost nil.

Mr. WHIPPLE. And as appears by the figures you have given us, the proportion of short sales were very small as compared with the very large long interests which you have carried for your customers?

Mr. BACHE. Very small. I would even rectify that by stating that there was one big block of stock which, strange to say, is United States Steel, which is almost a permanent sale, which was sold for Europe and the stock has never yet been able to come over here. That was sold a long while ago and that is included in the account.

Mr. WHIPPLE. Simply because they have not been able to get the delivery of the stock?

Mr. BACHE. Yes, sir.

Mr. WHIPPLE. Let me ask you whether, so far as you know, there appears on your books as customers the names of any one in official life in Washington?

Mr. BACHE. No.

Mr. WHIPPLE. Or any employee in any department in Washington?

Mr. BACHE. No.

Mr. WHIPPLE. Or connected therein?

Mr. BACHE. No.

Mr. WHIPPLE. Do you know of any account that was on your books in the week mentioned in which any persons in official life in Washington or elsewhere, for that matter, was interested either directly or indirectly, or as to which he had given any orders?

Mr. BACHE. No.

Mr. WHIPPLE. Were you able, with your experience in the market, to detect whether during that week there was any pool or combination operating the market on the short side, so to speak?

Mr. BACHE. If there was, it was not noticeable to the outsider.

Mr. WHIPPLE. During that week did you have any dealings with the firm of Hutton & Co. or any of their partners?

Mr. BACHE. Not for their account.

Mr. WHIPPLE. That is, you did not sell for them any stocks?

Mr. BACHE. No.

Mr. WHIPPLE. Or for their customers?

Mr. BACHE. No.

Mr. WHIPPLE. They had no dealings of that sort with you?

Mr. BACHE. No.

Mr. WHIPPLE. Have you any means of getting prompt information from Washington of events there transpiring which are likely to affect the stock market?

Mr. BACHE. Not except through the news agencies.

Mr. WHIPPLE. You have no person there in your employ expected to give you any information?

Mr. BACHE. No.

Mr. WHIPPLE. When did you first hear with regard to the issuance of a peace note, so called, by the President, if you remember?

Mr. BACHE. I heard in the afternoon, sometime during the afternoon of the day prior to its publication, just a passing remark made by some newspaper man who came in for information saying that there was some talk of—that there was some information of some note coming from Washington, but I paid no attention to it because frequently newspaper men give you information in the hope of getting something from you, so I paid no attention to that statement.

Mr. WHIPPLE. Did you notice what was in the ticker?

Mr. BACHE. No, sir. I heard that afterwards. I was at a meeting at the time.

Mr. WHIPPLE. Did you notice whether this meeting with the newspaper men was before or after 3 o'clock?

Mr. BACHE. I think it was after 3 o'clock.

Mr. WHIPPLE. After 3 o'clock?

Mr. BACHE. Yes, sir.

Mr. WHIPPLE. Had you any notice of any unusual expansion in the amount of your loans during October, November, and December?

Mr. BACHE. I did.

Mr. WHIPPLE. Had they grown to an unusual amount?

Mr. BACHE. They had grown very much larger than I ever wanted to see them and reached what I called the danger point.

Mr. WHIPPLE. They gave you some concern?

Mr. BACHE. They did. I have brought a list of them.

Mr. WHIPPLE. Where did they arrive at the point where they gave you concern?

Mr. BACHE. They began in the middle of November to crawl up very rapidly from what we consider the normal condition until the 11th of December, when they reached the high mark.

Mr. WHIPPLE. Would you mind stating to the committee how much they exceeded what you call your normal loans at that time?

Mr. BACHE. Well, they were \$51,000,000, in round figures. My books show on that day that I was loaning the public some \$77,000,000 for speculative purposes, and that had grown up in spite of all my protests to correspondents and my junior partners against taking on business, and had reached a point where, judging other people's business from ours, the Street was in a very dangerous condition.

Mr. WHIPPLE. And your own business had expanded very considerably?

Mr. BACHE. Our loans had expanded from practically the 30th of September, when they were \$35,000,000 to the 12th of December, when they had gotten up to \$51,000,000.

Mr. WHIPPLE. Something has been said with regard to a meeting of gentlemen interested in the market at the Metropolitan Club, and I think one of the recent witnesses said that you were present at that meeting.

Mr. BACHE. I was.

Mr. WHIPPLE. Or at least that you spoke to him about it?

Mr. BACHE. Yes, sir.

Mr. WHIPPLE. Will you explain to the committee how the meeting happened to be called and what the subject of the discussion was and what conclusions, if any, were reached?

Mr. BACHE. On November 14 I attended a dinner held prior to the smoker of the association of partners of the stock exchange. The smoker was held at the Waldorf Hotel, and I was a guest at the dinner of the Harvard Club and sitting at that table I commented with my neighbors about the very cumbersome way in which business was being done by stock exchange houses who were still doing their business under the same methods that had prevailed when we were not what I call a world market, which we are to-day, and thought that by some cooperation among some of the larger houses many of these obsolete methods could be altered so that business could be transacted more quickly and stock exchange houses could have their finances finished at 3 o'clock instead of 4 or half-past 4, as frequently happens.

My neighbors, thinking it was a very good idea, suggested that we all meet and discuss it, and finally a dinner was arranged, which took place—I am refreshing my mind as to the dates—which took place on the 12th, I think it was—no, on the 13th of December, at the Metropolitan Club at which there were 16 gentlemen present, representing 15 different large commission houses.

The conversation consisted very largely of detailed discussions about delivering and receiving stocks, the multiplication of private wires and the expense of them, the cumbersome method of trans-

ferring stocks for dividends every three months, which could be avoided.

We discussed among other things the marginal requirements just to see whether we were acting on the same theories, with care. We got to discussing and more guessing at the amount of loans than actually stating what we had, and we made up our minds from what we heard that these 15 houses represented some \$450,000,000 in loans. We made up our minds that the Street was in a remarkable condition.

There was no action at that time discussed. There was no such action possible. We were merely a lot of friends in the same line of business meeting to see where we could act. No action was discussed and no opinion as to the market expressed, as I remember it.

Mr. WHIPPLE. Was there expression of judgment or opinion as to what should be done other than what you have already stated?

Mr. BACHE. No.

Mr. WHIPPLE. But it is pretty clear that there was somewhat of a resolve among the gentlemen there to do something to limit speculation?

Mr. BACHE. No; there was nothing of that kind done. On the contrary, I remember one or two of the gentlemen rather questioned whether we were not on the eve of a very much larger speculation than we were having, and I for one expressed the hope that I would be out of business before it came. That is all.

Mr. WHIPPLE. And that was on account of what you felt was a very dangerous speculation?

Mr. BACHE. I did.

Mr. WHIPPLE. And that was because so many hundreds of thousands of people had bought stocks on margin requesting their brokers to carry them, and if anything happened to cause a serious slump in prices it would cause the wiping out of margins, forced selling, and so forth, which might create a panic.

Mr. BACHE. What I considered the very worst feature of the situation was the lack of short interest. There was practically little if any short interest in the market, so far as I could see, and an extended market with no short interest is a dangerous market, I do not care at what level it is.

Mr. WHIPPLE. That is, if you are carrying stocks on a margin?

Mr. BACHE. Yes; of course.

Mr. WHIPPLE. Did Mr. Baruch have an account with you?

Mr. BACHE. No.

Mr. WHIPPLE. I think he has spoken of you as one of the brokers he had, but probably not at that time.

Mr. BACHE. No; I am a friend of his, but I regret to say I am not a broker.

Mr. WHIPPLE. Did Mr. Lawson carry any account with you at that time?

Mr. BACHE. Never; no.

Mr. WHIPPLE. And has not for some time?

Mr. BACHE. He has not ever. I want to correct that—not in the last 20 years.

Mr. WHIPPLE. Were any of the members of your own firm or the firm itself speculating?

Mr. BACHE. No.

The CHAIRMAN. Anything else?

Mr. WHIPPLE. No.

The CHAIRMAN. Any questions, gentlemen?

Mr. CAMPBELL. I want to ask a question or two. Mr. Bache, the opinion that the market was carrying too much was similar to the opinion that the private wires were carrying in rather an expensive way or in excess of the requirements of the brokerage houses, as a mere incident of conversation?

Mr. BACHE. Merely. I do not know whether I get your question or not.

Mr. CAMPBELL. Well, that you did not feature or did you feature the fact that the market was carrying too much, any more than others?

Mr. BACHE. Not at all. That was very little dwelt upon.

Mr. CAMPBELL. It was not dwelt upon?

Mr. BACHE. No. I personally made it a point to find out what I could, because I wanted to see whether we were the only house that was extended as much as we were, and I sounded out my neighbors, but it was not generally a topic of conversation.

Mr. CAMPBELL. That was on the 13th of December?

Mr. BACHE. On the 13th of December; yes, sir.

Mr. CAMPBELL. The day after von Bethmann Hollweg's speech in the Reichstag?

Mr. BACHE. Well, if that is the date, it was.

Mr. CAMPBELL. But it did not enter into your discussion?

Mr. BACHE. No, sir.

Mr. CAMPBELL. Or the effect of Germany's attitude at that time toward peace?

Mr. BACHE. Nothing was dwelt upon or even mentioned that could have been opinion-forming. We were forming our own opinions; we did not want each others'.

Mr. CAMPBELL. How was your loan account during November and December, as compared with other years?

Mr. BACHE. Oh, double what it ever was before.

Mr. CAMPBELL. I believe that is all.

Mr. HARRISON. I wanted to ask Mr. Bache a question. You said there were quite a number of gentlemen present at this dinner. Will you give us the names of those people who were present and the interests which they represented?

Mr. BACHE. Yes; there was Gen. George Dyer, of C. I. Hudson & Co. There was Mr. Walter Price, of E. & C. Randolph. There was Mr. Wainwright and Mr. Prentice, of the firm of Hornblower & Weeks. There was Mr. Childs, of Clark, Childs & Co. I do not remember his initials. There was Mr. Chapin, of S. B. Chapin & Co. There was Mr. Taylor, of Logan & Bryan. There was Mr. Lyon, of Lyon & Co. How many have I given you?

Mr. HARRISON. That is only seven.

Mr. BACHE. There was Mr. Keech, of F. B. Keech & Co. There was Mr. Harry Winthrop, of Robert Winthrop & Co. I would like to furnish the committee with those names, and not rely too much on my memory.

Mr. HARRISON. Those are all you can remember now?

Mr. BACHE. Yes, sir.

The CHAIRMAN. You say you would like to give the full list?

Mr. BACHE. I will give the full list.

Mr. HARRISON. And you discussed at that meeting the question of marginal requirements?

Mr. BACHE. Yes, sir.

Mr. HARRISON. After that meeting, was a greater margin required on the part of your customers?

Mr. BACHE. No; to my surprise those whom I had discussed the matter with only asked for full margins.

Mr. HARRISON. And it was not increased after that up to December 20?

Mr. BACHE. We did not increase it. I believe the firm of Hutton & Co. told me afterwards that they had increased their margins later on.

Mr. HARRISON. You say you talked about the question of the lack of short interest?

Mr. BACHE. We did not talk about it. I expressed that as my opinion.

Mr. HARRISON. You mean by that the lack of short selling, do you not?

Mr. BACHE. No; not of short selling, but short interests. Short selling may be covered the same day, but people who are short of stocks because they believe a decline is coming are an element of safety in the market.

Mr. HARRISON. During December—from December 13 or 14 up to, say, December 22—was not the matter of short interests encouraged?

Mr. BACHE. No.

Mr. HARRISON. Was not there more short selling indulged in after that meeting, on the stock exchange?

Mr. BACHE. No. A few of the larger room traders, who would not be influenced by any of the members there, to the best of my knowledge and belief, became bearish on the situation very shortly after that; in fact, right after the von Bethmann Hollweg speech, thinking that portended peace, and the short interest rapidly increased from that date.

Mr. HARRISON. So, really, from December 14 up until December 22, the bearish interests really dominated?

Mr. BACHE. Dominated.

Mr. HARRISON. Or it increased very largely?

Mr. BACHE. Yes, sir.

Mr. HARRISON. Is Mr. Sol Wexler in your firm?

Mr. BACHE. He is my partner.

Mr. HARRISON. Were the views expressed that night or the interests represented—was it upon any idea or lack of idea upon the part of the banking interests of the city?

Mr. BACHE. No; I do not think the banks were particularly mentioned at that meeting. I do not want a wrong impression of that dinner to get about.

Mr. HARRISON. I will ask you this question, then: Are you a director in any of the banks?

Mr. BACHE. No; I am a director in some trust companies.

Mr. HARRISON. What trust companies?

Mr. BACHE. Empire Trust.

Mr. HARRISON. Is Mr. Wexler a director in any of the banking institutions?

Mr. BACHE. No.

Mr. HARRISON. None at all?

Mr. BACHE. No; he had to resign.

Mr. HARRISON. Were any of the other gentlemen who were present at that dinner directors in banks or trust companies?

Mr. BACHE. No; they can not be under the law.

Mr. HARRISON. Had you discussed this matter with Mr. Vanderlip or any other bankers of the city?

Mr. BACHE. You mean at the dinner?

Mr. HARRISON. Yes; the question of the lack of short interest.

Mr. BACHE. No.

Mr. HARRISON. You had not discussed it with anyone?

Mr. BACHE. No.

Mr. HARRISON. Do you know anything about a meeting of the bankers of the city?

Mr. BACHE. No, sir.

Mr. HARRISON. You know nothing about that?

Mr. BACHE. No.

Mr. PATTEN. Do you remember, Mr. Bache, the rate of call money about the 13th of December?

Mr. BACHE. I have a memorandum here that it went to 6 per cent on the 12th.

Mr. PATTEN. And it went as high as 15 per cent, didn't it?

Mr. BACHE. Yes; on the 13th, I think.

Mr. PATTEN. Was not this per cent rather a high rate in consideration of the conditions?

Mr. BACHE. Yes, very.

Mr. PATTEN. Was not that a matter of considerable importance to gentlemen who were long very large quantities of stock?

Mr. BACHE. Yes.

Mr. PATTEN. I mean, wasn't it an intimation to the banks to a certain degree that money was becoming tighter?

Mr. BACHE. I do not think it was, and in my opinion it would not have influenced me, because I happened to know how the thing came about. It came about through some foreign government making a very large payment and not getting the actual checks back to the bank in time to loan it out, and it tied up a very large sum of money on that day.

Mr. PATTEN. Well, it was testified here that loans about that period were being discriminated.

Mr. BACHE. Yes; there is no doubt about it. That is, not loans but collateral.

Mr. PATTEN. That is, industrials were being discriminated against.

Mr. BACHE. Inactive industrials—industrials for which there was not a current market.

Mr. PATTEN. But that high rate of interest had a very significant effect upon the market.

Mr. BACHE. Very.

Mr. PATTEN. And that rather corroborated your opinion with regard to the condition of the market?

Mr. BACHE. Yes.

Mr. PATTEN. That is all.

Mr. CAMPBELL. You spoke of industrials that were not on the active list. That would apply also to rails, would it not?

Mr. BACHE. No. There is a strange fetish among the banks that they will lend on inactive railroad stocks, but they will not lend on inactive industrials.

Mr. CAMPBELL. That is an old habit with the banks?

Mr. BACHE. Yes, and we never asked them why, because as long as they will lend on something inactive, we do not want to prevent that.

The CHAIRMAN. Mr. Bache, I want to find out something more about that meeting of bankers, if there was one. Did you hear of any in December?

Mr. BACHE. There was none. We always hear of these meetings. The meetings of bankers are held at the clearing house, and when there is no clearing-house meeting there is rarely a bankers' meeting.

The CHAIRMAN. This was some meeting of which there was some notice in the newspapers at some club or some hotel. It seems to me I saw some report of it. It might have been after this investigation began.

Mr. BACHE. The only newspaper statement I saw was a couple of references to this very dinner I have told the committee about. That was referred to. We were called bankers. We were elevated from our real station.

The CHAIRMAN. That is probably where the confusion arose.

Mr. BACHE. I do not think there was any evidence of any concerted action by the banks during that period, or my attention would have been called to it. I watch those things pretty closely.

Mr. BENNET. You stated that your observation in November and December led you to think that stocks were rather high and the condition of the market was dangerous because of the absence of a short interest. Did your firm take any steps to get your particular customers out of the market?

Mr. BACHE. While as a rule we avoid giving our customers any advice—they can lose enough on their own judgment, as a rule—but we did on the 12th of December, which was the day before this dinner, send a wire on our wires, which is contrary to our general custom. We do not attempt to give advice. We give them the newspaper gossip and the agency gossip, but we do not pretend to have any judgment of our own.

Money conditions along with the foreign and Mexican political conditions warrant caution, and strongly suggest you do not increase your line with us, and would suggest that where liquidation is possible that you work to that end.

The information was more for our branch offices.

Mr. BENNET. In view of subsequent events, that was good advice.

Mr. BACHE. It was good judgment. We write private letters to our branch office managers, and we have tried to get those letters, but as they were all marked "Confidential," we have not, to our great regret, been able to find them, but we have found that most of them were destroyed. I have a memorandum here right on that line giving the amount of our loans and while we do not attempt to express an opinion as to the value of securities, we did state that it was dangerous.

Mr. BENNET. Then your firm not only went as far as it usually did, but went further and got your people out of the market?

Mr. BACHE. Yes.

Mr. BENNET. And in doing that I suppose you were accomplishing two results—protecting your customers and relieving the general situation?

Mr. BACHE. We were protecting ourselves.

Mr. BENNET. I had not intimated that. I did not have that in mind. That is all.

Mr. PATTEN. I would like to make this point in this statement here, which seems to me is very characteristic. On December 18 you were long 98,000 shares of Steel common, and on the 26th you were long 82,000, which shows merely a liquidation of 16,000 shares. On the short account you were short 11,000 shares on the 18th and you were short 12,000 shares on the 26th—very little change in the accounts; which I think is rather important to go into the record.

Mr. BACHE. There is nothing in any of our accounts which would give you any light which is not entirely at your service.

Mr. BENNET. As I understand, you complied with the committee's request?

Mr. BACHE. Yes. We have all of our accounts here. There are some 15,000 of them, so it was some work.

The CHAIRMAN. That is all. You are excused, Mr. Bache.

TESTIMONY OF MR. LOUIS V. STERLING—Resumed.

The CHAIRMAN. You have been sworn, as I remember?

Mr. STERLING. Yes.

Mr. WHIPPLE. Mr. Sterling's examination was commenced at the last sitting of the committee in New York, and was suspended because of the engagements of the committee to go to Washington, and I had simply asked Mr. Sterling about a certain rumor that passed through his office that had relation to the President's calling together the reporters on Christmas Day, as you remember, some sort of talk with regard to peace. Have you furnished to the committee all the communications that you sent out to your people on the subject of the peace note that day?

Mr. STERLING. Yes; we had sent nothing out on the peace note. I have filed everything except an inquiry which we made of Hibbs, which Hibbs mentioned in his testimony, asking him in effect if he had heard what we had heard, and he stated no. I have not got the original messages, but I have had copies made from our telltale, and if you would like to have them I will give them to you.

Mr. WHIPPLE. Yes; we would like to have them.

Mr. STERLING. Well, this message bears the signature of Ben.

Mr. WHIPPLE. Read it right into the record.

Mr. STERLING. This message was sent at 11.50 a. m. on December 20:

W. B. HIBBS:

We understand that there is a report all newspaper men have been notified by the White House to attend a conference on Monday for the purpose of promulgating a peace propaganda. Can you verify please?

BEN.

That is signed Ben, that being the first name of my senior partner' but this message was dictated by me. Hibbs replied at 12.55:

BEN BRYAN:

The President receives the newspaper men each Monday. but I can not confirm anything like you state. The best informed ones here say he would not confirm anything to-day like you state, and would not announce it even though he intended doing that—that is, promulgate a peace propaganda.

W. B. H.

Mr. WHIPPLE. Mr. Sterling, has your firm any means in Washington of giving them prompt information with regard to occurrences there likely to affect the stock market?

Mr. STERLING. No, sir; none other than what is furnished by W. B. Hibbs & Co.

Mr. WHIPPLE. You have a private wire to their offices?

Mr. STERLING. Yes.

Mr. WHIPPLE. Have you made any examination of the list of customers of your firm to see whether it contains the names of people in official life?

Mr. STERLING. I have, and it does not contain any governmental officials.

Mr. WHIPPLE. Did your concern, during the week of December 18, have any dealings with Hutton & Co. or any of the partners?

Mr. STERLING. No, sir.

Mr. WHIPPLE. I mean, in the sense of carrying an account for them?

Mr. STERLING. No, sir.

Mr. WHIPPLE. What proportion of your business comes over leased wires?

Mr. STERLING. I judge about 75 or 80 per cent.

Mr. WHIPPLE. Have you branch houses?

Mr. STERLING. Yes, sir.

Mr. WHIPPLE. What proportion of your business comes through branch houses?

Mr. STERLING. Well, I should say of the whole amount 30 per cent of our whole volume comes through branch offices, and the remainder through correspondents on our leased wires.

Mr. WHIPPLE. That is, 75 per cent covers your branch houses as well as correspondents?

Mr. STERLING. Yes.

Mr. WHIPPLE. Leaving about 25 per cent here?

Mr. STERLING. Yes.

Mr. WHIPPLE. What was the proportion the week of December 18th of long and short stocks that you were carrying?

Mr. STERLING. Well, our shorts were about 5 per cent of our longs.

Mr. WHIPPLE. Did you state in your previous testimony what portion of the country your wires covered?

Mr. STERLING. No; I did not.

Mr. WHIPPLE. Will you please do it?

Mr. STERLING. Yes. We cover from the Atlantic to the Pacific, and go up into the Northwest and down into the Southwest, as well as up north to Toronto.

Mr. WHIPPLE. How many different places do you cover?

Mr. STERLING. We touch about 67 cities in the United States and Canada.

Mr. WHIPPLE. And you think 95 per cent of those accounts were on the long side?

Mr. STERLING. Yes, sir.

Mr. WHIPPLE. Representing the optimism of the market?

Mr. STERLING. Yes.

Mr. WHIPPLE. Were your loans unusually extended just at this time?

Mr. STERLING. No; our loans were normal.

Mr. WHIPPLE. Had that been true in October and November as well as in December?

Mr. STERLING. No; our loans in November were much larger than they were during the period from December 18 to 23.

Mr. WHIPPLE. How much were they extended beyond the normal? Would you object to stating?

Mr. STERLING. No; I think they were about twice normal; in other words, we had cut our loans in half.

Mr. WHIPPLE. They were about twice normal in November?

Mr. STERLING. Yes, sir.

Mr. WHIPPLE. How did you succeed in cutting them down so much?

Mr. STERLING. Well, in the first place, we regulated our business and set a limit on the amount of debit balances that we would carry for the various correspondents; in the second place, on November 28, or thereabouts, we sent out a circular to our branch office managers and correspondents increasing largely the marginal requirements, all of which had a tendency to contract our loans.

Mr. WHIPPLE. And in those ways you reduced them about half?

Mr. STERLING. Yes, sir.

Mr. WHIPPLE. Had your firm any advance information whatever with regard to the President's note?

Mr. STERLING. None whatever.

Mr. WHIPPLE. Other than what you have disclosed, a speculation as to what the President might do?

Mr. STERLING. Nothing whatever.

Mr. WHIPPLE. Did anyone send to you a copy of this flash that Hutton & Co. sent out over their wire?

Mr. STERLING. No; we saw nothing of it at all.

Mr. WHIPPLE. Or that more stately message that they sent out under the authorship of Mr. Essary?

Mr. STERLING. No, sir.

Mr. WHIPPLE. You did not see anything of that?

Mr. STERLING. No, sir.

Mr. WHIPPLE. None of your customers sent it in to you?

Mr. STERLING. No.

Mr. WHIPPLE. How many shares of stock were you carrying on long account during that week of December 18? Do you object to stating that?

Mr. STERLING. Well, if I have any choice I would prefer very much not to make it public, although I will give it to you if you insist on it.

Mr. WHIPPLE. So long a time has elapsed, and that being so, do you think there would be any ill effects if you made such a statement?

Mr. STERLING. No; but we are a little bit ticklish about disclosing any part of our business that seems to us to be private, but please understand that I will state it if you wish it.

Mr. WHIPPLE. The committee does not wish to embarrass you, but the other brokers who have testified have done so very frankly about it.

Mr. STERLING. I want to testify frankly, but at the same time I would not like to be governed by what the other brokers have done. But if you insist I will give you the figures.

The CHAIRMAN. What is the question, Mr. Whipple?

Mr. WHIPPLE. The extent to which they were carrying long stocks in December.

The CHAIRMAN. What was it you said about your preference?

Mr. STERLING. My preference would be, if you desire the data, to submit it to you in writing.

The CHAIRMAN. We have no objection to that.

Mr. STERLING. I want to be as frank as I can, but after discussing the matter with my partners we arrived at the conclusion that if you could get what points you wanted without having the specific figures we would be obliged. I have already told you that the figures were down to normal, and that we considered we were carrying a normal line of stocks.

The CHAIRMAN. As I understand it, you desire to write on paper the number of shares you were carrying long?

Mr. STERLING. Yes. The list that I am submitting is a list of the clearing-house stocks.

Mr. WHIPPLE. That is all the committee desires. Have you loaned much of your stock for short accounts?

Mr. STERLING. Do you mean whether we lend many stocks to those who want to borrow and who may have been short?

Mr. WHIPPLE. Yes.

Mr. STERLING. No; I do not think we have. However, I can furnish you the exact figures. But our policy is, when the market is declining, not to lend stocks freely.

Mr. WHIPPLE. How large operations did any of your customers conduct during that week of December 18?

Mr. STERLING. You mean the total amount of the dealings?

Mr. WHIPPLE. No; I mean, take some of your larger customers and give the amount.

Mr. STERLING. I do not think we handled any orders that amounted to over 2,000 shares, or 2,500 shares specifically.

Mr. WHIPPLE. That is, there were no big operators operating through your firm?

Mr. STERLING. No.

Mr. WHIPPLE. Were any of the members of your firm, the firm itself, speculating?

Mr. STERLING. No; not then or previous to that time, as we have an arrangement to the effect that none of us will speculate.

Mr. WHIPPLE. Did you have a representative at this meeting of bankers, as they have been called, though I suppose they should be called stock brokers?

Mr. STERLING. Yes; our junior partner, Mr. Taylor, attended that meeting.

Mr. WHIPPLE. Was your course in regard to your customers changed at all by what occurred there?

Mr. STERLING. No; it had no influence whatever on us.

Mr. BENNET. As I gather from your testimony, Mr. Sterling, you were of the opinion, during the months of November and December, that there was too large a long interest in the market?

Mr. STERLING. Well, our impression was that the security prices as a whole had already experienced their high levels and that consequently there would be a reaction; we did not attempt to say when the reaction would come but we thought it would come inevitably. Then we rather feared that overnight we might have to grapple with some submarine difficulty, or something of that sort, and our advices were along a cautionary line.

Mr. BENNET. You thought that your best advice was, with almost a total absence of short interest in the market, and if you did have to grapple with a submarine question, to use your own expression, that if there was a decline in stocks it would not only be rapid but dangerously large—is that the idea?

Mr. STERLING. We did not calculate on the extent of the short interest, because even with a large short interest, while it will act as a sustaining influence, and while banking support might act just as much as a sustaining influence, there were a dozen and one factors which caused us to believe that the market had reached the point or was nearing the point from which it would probably recede.

Mr. BENNET. And the somewhat drastic measures which you adopted, and about which you have testified, were, in your judgment, necessary for the proper protection of your own customers?

Mr. STERLING. For the protection of our customers and ourselves. We deemed that we should regulate our business and we did regulate it, so that our house was in very excellent shape when the decline did come.

Mr. BENNET. Those of your customers who took your advice were better off than those who did not?

Mr. STERLING. It so developed; yes.

Mr. BENNET. I can not remember whether Mr. Whipple asked you if the members of your firm were operating in the market at that time?

Mr. STERLING. They were not and not before that time, as I stated. We have in our partnership papers an agreement that none of us shall speculate.

Mr. BENNET. Either as individuals or as a firm?

Mr. STERLING. Yes, sir; or an interest in any joint accounts, or anything of that sort. The members of my firm were not interested, directly or indirectly, in the stock market during that period.

Mr. BENNET. Considering you an expert, I want to ask you a question, if you will permit me to do so, that is somewhat outside of our direct inquiry. You have more or less direct knowledge of your clients as they appear upon your books, I assume?

Mr. STERLING. Yes.

Mr. BENNET. And being a younger man, you very possibly have a larger knowledge of details than some of the senior partners?

Mr. STERLING. Yes, sir.

Mr. BENNET. Supposing a situation like this arose: That Mr. Campbell and myself—this being a very violent assumption—were large operators in the market and that we were operating through Mr. Campbell and you knew Mr. Campbell. Now, there is no way,

unless Mr. Campbell chose to disclose it, that the fact of my operating jointly with Mr. Campbell could become known, is there?

Mr. STERLING. No.

Mr. BENNET. And our committee can practically never find that out unless the individual operators or dealers told us.

Mr. STERLING. That is quite true.

Mr. BENNET. Even if the 1,100 members of the stock exchange treated us with the most absolute confidence.

Mr. STERLING. That is the only way in which I could tell or that you could possibly learn, if there was no evidence to show that the two of you were interested in the account. The proposition is, as I understand it, that the account is in your name and not Mr. Campbell's name; that I know you but do not know Mr. Campbell, although he has a private understanding with you to the effect that you have a joint account. Is that what you mean?

Mr. BENNET. Yes. And there would be no particular reason why you should care about Mr. Campbell if I were a responsible man financially.

Mr. STERLING. No. If you were responsible and conformed to our requirements, we would not necessarily be concerned.

Mr. BENNET. Is that the same sort of rule which governs what are known as numbered accounts in your house, although I do not say you have any numbered accounts in your house.

Mr. STERLING. There is generally a record or notation showing whose account the numbered account is.

Mr. BENNET. But so long as the person is responsible, financially responsible, you do not care about anybody else being interested in the account?

Mr. STERLING. No; and if he bears a good reputation. We make as diligent an inquiry as we can, but there are certain things, as you have outlined, that neither we nor you could perhaps learn or unearth.

Mr. CAMPBELL. Then in this whole inquiry, if we had all the names and all the brokerage houses, and if any men in public life were dealing through a friend, that fact could not be disclosed in this way—that is, through your books or any evidence that we could secure through them?

Mr. STERLING. No; I do not think so.

TESTIMONY OF MR. ARTHUR LIPPER.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. What is your full name?

Mr. LIPPER. Arthur Lipper.

Mr. WHIPPLE. What is your residence?

Mr. LIPPER. 2 West Seventy-fourth Street.

Mr. WHIPPLE. What is your occupation?

Mr. LIPPER. Broker.

Mr. WHIPPLE. What is your firm?

Mr. LIPPER. Arthur Lipper & Co.

Mr. WHIPPLE. Where is its office?

Mr. LIPPER. Its main office is at New Street and Exchange Place.

Mr. WHIPPLE. You are a stock-exchange house?

Mr. LIPPER. Yes, sir.

Mr. WHIPPLE. Owning how many seats?

Mr. LIPPER. Three.

Mr. WHIPPLE. It has not been stated here why it is that houses like your house own three seats; why one seat would not suffice for buying all they need or selling all they need on the exchange.

Mr. LIPPER. The need of three seats?

Mr. WHIPPLE. Yes.

Mr. LIPPER. Well, in the first place, the volume of business is such that it would be an absolute impossibility for you, even if you had 10 brokers, to handle all of your business; therefore, the more seats you have the greater the volume of business you can carry on, because a broker can only be at one place at one time properly executing orders.

Mr. WHIPPLE. Still you say you have to employ other brokers?

Mr. LIPPER. Yes; specialists and \$2 brokers.

Mr. WHIPPLE. And do you save anything by buying another seat and thus avoiding the employment of \$2 brokers?

Mr. LIPPER. Yes, sir.

Mr. WHIPPLE. Or is it a fashion for the big houses to have several seats?

Mr. LIPPER. I would not say that.

Mr. WHIPPLE. As a matter of fact, it is really profitable for them to have several seats?

Mr. LIPPER. Oh, sure.

Mr. WHIPPLE. And not merely because they like to have them at their disposal?

Mr. LIPPER. I should say not.

Mr. WHIPPLE. What is the general character of your business? Are you a leased-wire house?

Mr. LIPPER. Well, we do a small amount of that—a very small amount.

Mr. WHIPPLE. Where do your wires run?

Mr. LIPPER. To correspondents?

Mr. WHIPPLE. Yes.

Mr. LIPPER. To Philadelphia and Baltimore.

Mr. WHIPPLE. Have you any branch houses?

Mr. LIPPER. We have.

Mr. WHIPPLE. How many?

Mr. LIPPER. Two in New York, one in Philadelphia, and in the summer time one at Atlantic City, west end, and Saratoga, making six.

Mr. WHIPPLE. Who are your correspondents in Philadelphia?

Mr. LIPPER. Chandler Bros. in Philadelphia, and Mittendorf, Williams & Co. in Baltimore.

Mr. WHIPPLE. Are they a stock exchange house?

Mr. LIPPER. Chandler Bros. are, but Mittendorf, Williams & Co. are not.

Mr. WHIPPLE. Are they a corporation, as someone has testified?

Mr. LIPPER. Yes, sir.

Mr. WHIPPLE. Are you sufficiently familiar with your customers to state whether the names of any people in public life appear thereon or any who are in the Government service?

Mr. LIPPER. Yes; I am sufficiently acquainted with them.

Mr. WHIPPLE. What do you say as to the fact?

Mr. LIPPER. None that I know of.

Mr. WHIPPLE. Has your concern any method of securing prompt information as to the happening of events in Washington likely to affect the stock market?

Mr. LIPPER. No, sir.

Mr. WHIPPLE. You have the ticker service, of course?

Mr. LIPPER. Only the ordinary news bureau ticker service.

Mr. WHIPPLE. Did your concern have any dealings with Hutton & Co. on the week of December 18 last?

Mr. LIPPER. Only ordinary dealings on the stock exchange.

Mr. WHIPPLE. You did not carry any accounts for them?

Mr. LIPPER. No, sir.

Mr. WHIPPLE. Or either of them?

Mr. LIPPER. No, sir.

Mr. WHIPPLE. Are you the floor member of your house?

Mr. LIPPER. Well, I am one of the members, but I am not as active as my other two partners.

Mr. WHIPPLE. Could you state to the committee whether you observed anything indicating the operation of a pool either on the short or long side of the market during the week of December 18?

Mr. LIPPER. No, sir; I did not notice anything that would lead me to believe that there was a pool.

Mr. WHIPPLE. When was the President's peace note, so-called, first called to your attention?

Mr. LIPPER. Not until it came over the news bureau—over the wire.

Mr. WHIPPLE. Did you notice it there?

Mr. LIPPER. It was brought to me, to my office, by one of my men.

Mr. WHIPPLE. Did you take any action then in behalf of your customers?

Mr. LIPPER. I sent it out on wires and left it to their own judgment. I may have called up a few people.

Mr. WHIPPLE. Have you a copy of what you sent out on the wire?

Mr. LIPPER. No. Just a copy of whatever appeared on the news-service ticker.

Mr. WHIPPLE. On the ticker service?

Mr. LIPPER. Yes, sir.

Mr. WHIPPLE. Did it bring any great amount of selling?

Mr. LIPPER. Well, we sold quite an amount of stocks. You have that data here.

Mr. WHIPPLE. Did you do any short selling?

Mr. LIPPER. No, sir. I am sorry to say that our short selling was very small.

Mr. WHIPPLE. You did not take any advantage of it in that way?

Mr. LIPPER. No.

Mr. WHIPPLE. What was the proportion of long and short stocks in that week?

Mr. LIPPER. About 1 per cent short.

Mr. WHIPPLE. So you were pretty much all up? I mean, it would seem that your customers were all up. Would you object to stating how many shares of long stock you were carrying?

Mr. LIPPER. It was in excess of 300,000 shares. It was made up for me while I was out of the city, in the south.

Mr. WHIPPLE. Were any of the members of your firm in the market?

Mr. LIPPER. No, sir.

Mr. WHIPPLE. Nothing further.

The CHAIRMAN. Anything else?

Mr. CAMPBELL. Mr. Lipper, do you recall the volume of business from your Baltimore connection during the month of December?

Mr. LIPPER. Well, I could not say. The Baltimore business is not very large. It is very spasmodic.

Mr. CAMPBELL. Will the statement that you have filed for the use of the committee disclose just what was done through the Baltimore office?

Mr. LIPPER. It will be in there. I do not know how it is marked with symbols. I would have to go through it. You could not judge from the reports that came there what came from Baltimore.

Mr. CAMPBELL. It will not show that?

Mr. LIPPER. No, sir, but I can furnish it.

Mr. CAMPBELL. Will you furnish that for the use of the committee?

Mr. LIPPER. You want it for December 18?

Mr. CAMPBELL. Say from December 10 to December 22, inclusive.

Mr. LIPPER. I will send that over to you.

Mr. CAMPBELL. So that we can have it to-morrow?

Mr. LIPPER. Yes, sir.

Mr. CAMPBELL. And the names of your customers in Baltimore are included in the list, are they?

Mr. LIPPER. We have only one customer in Baltimore. That is Mittendorf & Williams.

Mr. CAMPBELL. Will the names of the men that they do business with appear in that list?

Mr. LIPPER. We do not know that.

Mr. CAMPBELL. In what way could we get those names—through Mittendorf, Williams & Co.?

Mr. LIPPER. Yes, sir.

Mr. CAMPBELL. They are an ordinary brokerage concern?

Mr. LIPPER. They are an incorporated company.

Mr. CAMPBELL. They are an incorporated company?

Mr. LIPPER. Yes, sir.

Mr. CAMPBELL. They are not on the stock exchange?

Mr. LIPPER. No.

Mr. CAMPBELL. The business that they do on the exchange is done through you?

Mr. LIPPER. Well, part of it. They have other correspondents, I believe.

Mr. CAMPBELL. Well, I wish you would furnish the business that came through their office from the 10th to the 22d of December, inclusive.

Mr. LIPPER. I will do so.

Mr. CAMPBELL. That is all.

The CHAIRMAN. Any other questions?

Mr. BENNET. I would like to ask a question of Mr. Lipper. Mr. Lipper, is there any way that the committee can determine approximately what the losses were in the stock market on the 19th, 20th, and 21st of December?

Mr. LIPPER. What the losses were?

Mr. BENNET. Yes. There was a general decline, was there not?

Mr. LIPPER. Yes, sir. It could be ascertained, but it would be a very laborious job. You mean what the shrinkage represented in those days?

Mr. BENNET. That, I think, would be more accurate than my question.

Mr. LIPPER. It could be ascertained.

Mr. BENNET. Assuming that the committee went to that trouble to ascertain that exact shrinkage, and to do that, I presume, they would have to take each listed stock and take the entire transaction of the stock and the net losses on the entire transaction in each stock, and when they had secured that figure, that figure would not necessarily be a loss but it would be a shrinkage, or partly a loss and partly a shrinkage?

Mr. LIPPER. That would not convey anything to you.

Mr. BENNET. I am trying to get at whether it would or not. Suppose for instance, making another violent assumption, I had a thousand shares of Steel that I bought at 64 and it had gone up, as Steel did go, to 126, and it went down, as it did go, to 100 plus, but nevertheless I had held on to my Steel. That would be a shrinkage but not a loss?

Mr. LIPPER. Well, I do not consider it a loss until it is taken. The fact that you had held on to it would make a difference. The price at which you bought it and the price at which you sold it would determine whether there was a loss.

Mr. BENNET. There were sold on those days \$6,293,000 of stock and the man who sold as the market was down presumably took a loss, did he not?

Mr. LIPPER. Not in any particular instance. Some people may have been long of the stock at a considerably lower figure and sold it after it went down and still had a profit.

Mr. BENNET. It was possible for them to make a profit if they sold it at a lower price than it was a day or two before?

Mr. LIPPER. Yes; if they were long of it at a sufficiently low price.

Mr. BENNET. With this element; that is, the shrinkage in the whole list, the impossibility of ascertaining without investigating each individual account, whether a man took a loss or only less profit, would it be possible, within the realm of reasonable labor, to ascertain exactly what the loss was to the public in those three days?

Mr. LIPPER. Not unless you examined every brokerage house and every account in the United States.

Mr. BENNET. From the beginning of the account until that day?

Mr. LIPPER. Yes, sir.

Mr. BENNET. You would have to go through every brokerage house?

Mr. LIPPER. You would have to go all through the country to arrive at that. You could not get it through the New York accounts, because these leased wires did a great deal of business for one house, for instance, that may represent 500 other units, and therefore, you would have to go all through the United States.

Mr. BENNET. Would it be possible to ascertain the exact profits during that period?

Mr. LIPPER. You would have to take the same course.

Mr. BENNET. Of course, if a man was short on any one of those three days we might get a rough idea of what he made?

Mr. LIPPER. Yes, if you could get all the accounts in the United States.

Mr. BENNET. You would have to do that?

Mr. LIPPER. Yes, absolutely.

Mr. BENNET. It seems to have been developed in this inquiry that the buying and selling in Wall Street is done for the benefit of people who live elsewhere than the city of New York. Is that your experience also?

Mr. LIPPER. I can not answer that, because our business is more local than it is out of town business.

Mr. BENNET. You have no idea as to the relative proportion?

Mr. LIPPER. I heard a statement to-day from other brokers who could answer it better than I could.

Mr. BENNET. The name of the firm of Mittendorf, Williams & Co. has been brought in here and the fact that you are their New York correspondent. Did you also do any business for the firm of John L. Williams & Co., of Richmond?

Mr. LIPPER. No, sir.

Mr. BENNET. Either directly or indirectly?

Mr. LIPPER. No, sir.

Mr. BENNET. Do you remember anything independently of your books as to what was the account of Mittendorf, Williams & Co. along about the first or second week——

Mr. LIPPER (interposing). No; but the account is not a large one.

Mr. BENNET. You do not remember whether they were buying or selling?

Mr. LIPPER. Well, I could not say offhand.

Mr. BENNET. Anyhow we will get that from your books?

Mr. LIPPER. Yes, I have it here.

Mr. BENNET. I will make the same inquiry of you as I made of the other witnesses. In connection with Anglo-French bonds, at about the time the Federal Reserve Board passed somewhat disparagingly upon their use by the banks, did the firm of Mittendorf, Williams & Co. offer to sell you any quantity of those bonds?

Mr. LIPPER. I can not recollect any. I may have dealt in them but I do not know. I can not recollect. I may have dealt in them, but I can look that up for you.

Mr. BENNET. Will that appear in the statement you are going to make up for us?

Mr. LIPPER. No; that would not appear.

Mr. BENNET. Will you make that up and put it in that statement?

Mr. LIPPER. What day was that?

Mr. BENNET. Now you have got me. I do not know which day. Your books will give it, I think. Say a week before the Federal Reserve Board issued that statement asking the banks not to handle any more of the Anglo-French bonds. I mean any dealings, if any. I am not assuming by my question that there were any such dealings. I want to make that clear.

Mr. LIPPER. Yes, sir.

The CHAIRMAN. That is all. You are excused.

Mr. LIPPER. Thank you.

The CHAIRMAN. Gentlemen, the committee will go into executive session, and we will suspend the hearings for this afternoon.

Thereupon, at 5.20 o'clock p. m., the committee went into executive session.

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 15, 1917

PART 23

**WASHINGTON
GOVERNMENT PRINTING OFFICE
1917**

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGER- ENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
New York, N. Y., February 15, 1917.

The committee this day met, Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. The committee will be in order. Who is the first witness?

Mr. WHIPPLE. Mr. Bucknam.

TESTIMONY OF MR. CLIFFORD BUCKNAM.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Mr. Bucknam, will you state your full name, residence, and occupation?

Mr. BUCKNAM. Clifford Bucknam, 430 Park Avenue, New York. I am an employee of Raymond, Pynchon & Co.

Mr. WHIPPLE. What is your position with Raymond, Pynchon & Co.?

Mr. BUCKNAM. It might be termed manager, sir.

Mr. WHIPPLE. Of whom does that firm consist?

Mr. BUCKNAM. The partners, you mean?

Mr. WHIPPLE. Yes.

Mr. BUCKNAM. Mr. Raymond, Mr. Pynchon, Mr. Graff, the London partner, Mr. Eaton, Mr. Waller, and Mr. Sturtevant, of Chicago.

Mr. WHIPPLE. You are a stock exchange house?

Mr. BUCKNAM. We are members of the New York Stock Exchange.

Mr. WHIPPLE. Do you have more than one seat on the exchange?

Mr. BUCKNAM. Only one, sir.

Mr. WHIPPLE. Who is your floor man?

Mr. BUCKNAM. Mr. Raymond.

Mr. WHIPPLE. And I take it he is engaged there this morning?

Mr. BUCKNAM. He is not engaged there this morning; he is in the office. The partners are away, with the exception of Mr. Raymond, and he has to be there to sign.

Mr. WHIPPLE. Mr. Pynchon, I think you told me last night, is in Chicago?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. What is the character of the business conducted by your house? I mean, are you a leased wire house?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. What are your connections?

Mr. BUCKNAM. All of them?

Mr. WHIPPLE. Yes.

Mr. BUCKNAM. We have an office in London, Liverpool, Paris, our own office in Chicago, Milwaukee, and correspondents connecting with those various branches, and with our New York wires, and correspondents in Philadelphia.

Mr. WHIPPLE. Do you have wires throughout the South and West?

Mr. BUCKNAM. We have nothing south of Philadelphia.

Mr. WHIPPLE. And nothing west of Chicago?

Mr. BUCKNAM. Nothing west of St. Louis.

Mr. WHIPPLE. How many branch houses or correspondents do you have?

Mr. BUCKNAM. I should think, approximately, 12 or 15; that is, looped to our Chicago office and other offices.

Mr. WHIPPLE. What part of your business comes into your main office from branch houses and correspondents?

Mr. BUCKNAM. I should think, approximately, 60 per cent.

Mr. WHIPPLE. Sixty per cent?

Mr. BUCKNAM. I should think so.

Mr. WHIPPLE. And 40 per cent of it is local business?

Mr. BUCKNAM. It varies a good deal.

Mr. WHIPPLE. I say, and 40 per cent of it is local business?

Mr. BUCKNAM. We have an uptown branch, and including both of those, I should think about that, yes.

Mr. WHIPPLE. Are you sufficiently familiar with the names of your customers, those appearing on your books, to state whether the name of any man or woman in official life at Washington appears thereon?

Mr. BUCKNAM. I am familiar enough, yes.

Mr. WHIPPLE. What is your answer?

Mr. BUCKNAM. No; there is none.

Mr. WHIPPLE. Did your firm have any dealings with Hutton & Co. or any of the partners of that concern during the week of December 18 last?

Mr. BUCKNAM. None at all except, of course, what transactions we made with them on the floor of the exchange, as we did with any other brokers.

Mr. WHIPPLE. But none in which you carried any accounts for them or made any purchases or sales for that concern or any of its members?

Mr. BUCKNAM. No.

Mr. WHIPPLE. Does your firm have any means of ascertaining in Washington events that are there transpiring or likely to transpire, which will affect or are likely to affect the stock market?

Mr. BUCKNAM. None that I know of.

Mr. WHIPPLE. Have you any correspondents there?

Mr. BUCKNAM. None.

Mr. WHIPPLE. Have you in your employ any person who sends you information or any one on whom you rely to send you information from Washington?

Mr. BUCKNAM. None.

Mr. WHIPPLE. You have the ticker service in your office?

Mr. BUCKNAM. You mean the news ticker service?

Mr. WHIPPLE. Yes.

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. And you rely upon that information as to the happening of events that are likely to affect the market?

Mr. BUCKNAM. Only partially.

Mr. WHIPPLE. What other sources of information have you or did you have last December?

Mr. BUCKNAM. General rumor; information that clients may bring in; information that we may get from London, and so on.

Mr. WHIPPLE. The committee's attention was called at Washington to a communication sent by Mr. Pynchon to your various correspondents and branch houses. It is found to be dated December 20, 1916, and reads as follows:

All.

That means addressed to all of your correspondents?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE (reading):

Confidential but important. We should not be surprised to see developments later in the day regarding peace which may sentimentally affect the market unfavorably. We suggest no purchases, or, rather, do nothing or sell. We can not be more definite.

G. M. P.

Do you know who caused that wire message to be sent out over your lines?

Mr. BUCKNAM. Mr. Pynchon. They are his initials.

Mr. WHIPPLE. And he is in Chicago?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. Have you tried to communicate with him to ascertain the sources of his information or the sources of the information on the basis of which you sent out that dispatch?

Mr. BUCKNAM. Yes. At your request I have done that.

Mr. WHIPPLE. You communicated with him over your private wire?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. I will say it did not seem to me to be absolutely necessary to ask Mr. Pynchon to return, but the testimony may develop such necessity. It seemed that the manager could probably tell the sources. What time of day was that sent?

Mr. BUCKNAM. May I say this, Mr. Whipple? That we did not receive the request for Mr. Pynchon's appearance until 11.30 yesterday morning, and he will be glad to come here if you find it necessary.

Mr. WHIPPLE. You understand I did not impute any negligence on your part in not having here?

Mr. BUCKNAM. Quite right, sir.

Mr. WHIPPLE. And I told you yesterday that I saw no need whatever for your sending for him, because I understand he is there on a somewhat important business matter. If his evidence is needed later, it can be taken. At what time was this telegram sent out to your correspondents, which I have just read?

Mr. BUCKNAM. I find on investigation, Mr. Whipple, that we do not always put the time stamp on gossip messages. Of course, all orders have the time stamp. As far as I can judge—and this is only from my own investigation—it was somewhere in the neighborhood of 2 o'clock?

Mr. WHIPPLE. Can you not fix that more definitely in some way?

Mr. BUCKNAM. I may be able to do so later; I am endeavoring to do that.

Mr. WHIPPLE. Some branch house or correspondent ought to be able to fix the time pretty definitely?

Mr. BUCKNAM. I think that is very likely, and as soon as I can get at it I will do that.

Mr. WHIPPLE. But you think it was in the neighborhood of 2 o'clock?

Mr. BUCKNAM. That is only my opinion?

Mr. WHIPPLE. Now, before sending that out, did you receive some dispatches from some one on the subject?

Mr. BUCKNAM. You mean myself personally?

Mr. WHIPPLE. No; Raymond, Pynchon & Co.

Mr. BUCKNAM. I find that we received this message, which you asked me to check up, from Clement. I just received that this morning; you requested it last evening.

Mr. WHIPPLE. You were not able last night to find that you had received any message on the subject.

Mr. BUCKNAM. Well, I had not had a chance to investigate it.

Mr. WHIPPLE. Now, the paper handed to me is a telegram from A. M. Clement, of Clement, Curtis & Co. Is that right?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. In Chicago?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. Do they have a wire to your house?

Mr. BUCKNAM. Yes. I do not remember whether it is a private wire or on the loop.

Mr. WHIPPLE. This is an answer to some inquiry which you made?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. At my request yesterday?

Mr. BUCKNAM. Right.

Mr. WHIPPLE. And it reads in this way:

Yes. I sent a message addressed to G. M. P. at 11.55 a. m., similar to one I sent to E. F. Hutton, re leak.

A. M. CLEMENT.

That you received this morning?

Mr. BUCKNAM. Yes. I would like to point out that I am not certain that the original message said anything about a leak, but I asked him this morning—in my inquiry I asked him if he had sent out any message.

Mr. WHIPPLE. Well, I do not understand that to mean that you used that term or called it a leak at that time.

Mr. BUCKNAM. No.

Mr. WHIPPLE. But what he says is that he sent a message to your house as to his private and confidential information from Washington similar to that which he sent to E. F. Hutton & Co. on that same morning?

Mr. BUCKNAM. Yes. Would you like to keep this?

Mr. WHIPPLE. Not necessarily, because it is only a copy, as I understand it.

Mr. BUCKNAM. I will try to find the original.

Mr. WHIPPLE. I think the committee would be glad if you could find the original.

Mr. BUCKNAM. I will do my best, sir.

Mr. WHIPPLE. We will revert a moment to the first telegram that they sent to Hutton; that is, Clement, Curtis & Co., in order to

refresh our recollection. On December 20, No. 1, time 11.41 a. m. That is the first telegram that Clement, Curtis & Co. sent Hutton, sent from Chicago to New York, to Barrett, E. F. H., and G. A. E., jr., as follows:

Confidential. Washington advices to us indicate that another peace statement likely to be issued late this p. m.

F. C. ALDRICH.

Then one was sent at 11.47 to Barrett:

Confidential. I hear that State Department will issue statement to-day regarding economic conditions European war as affecting neutrals. Intended to promote peace prospects. What you think of this, and how are you on stocks?

CLEMENT.

Mr. GARRETT. That was sent by Clement?

Mr. WHIPPLE. Yes; by Clement to Hutton. Now I understand that Mr. Clement informs you that he sent practically the same message to you at about 11.55?

Mr. BUCKNAM. I do not know that it was the same message, and I will have to try to find the original.

Mr. WHIPPLE. His telegram seems to indicate that.

The CHAIRMAN. Just read his telegram again.

Mr. BUCKNAM (reading):

Yes; I sent a message addressed to G. M. P. at 11.55 a. m. similar to one I sent E. F. Hutton, re leak.

A. M. CLEMENT.

Mr. WHIPPLE. You see, he sent it to Hutton & Co. at 11.41 and he sent a similar one to Raymond, Pynchon & Co.

Mr. HARRISON. Price sent it at 11.52, which would be 10.52 Chicago time.

The CHAIRMAN. Who is "G. M. P."?

Mr. BUCKNAM. George M. Pynchon.

The CHAIRMAN. Do you think you might be able to give the original telegram that was sent to you?

Mr. BUCKNAM. I think we might, Mr. Henry. Of course, these are pretty active times. Sometimes they get in the business of the day and sometimes they do not; all orders and confirms get in the business of the day, and sometimes messages.

Mr. WHIPPLE. Clement, Curtis & Co. have a telltale. Will you not ask them to give the committee a telltale of all messages they sent to your house on this subject?

Mr. BUCKNAM. On December 20?

Mr. WHIPPLE. Yes. And also all the messages that they sent to any other houses on the same subject on December 20?

Mr. BUCKNAM. And all messages sent to other houses?

Mr. WHIPPLE. On the same subject; yes.

Mr. BUCKNAM. I can have that telephoned, if you would like it.

The CHAIRMAN. We would like to have it as soon as you can get it.

Mr. BUCKNAM. I can have that telephoned and put on the wire now, if you like.

Mr. WHIPPLE. We would be very glad to have you do so.

Mr. BUCKNAM. There was another question that you wanted before, and we can wire on that. Our New York telltale had been out of order for about a week, or something like that.

Mr. WHIPPLE. But Clement, Curtis & Co.'s telltale seems to be in order and has given us a lot of information.

Mr. CHIPERFIELD. That is really the only telltale that has been working.

Mr. BUCKNAM. What did you say, please?

Mr. CHIPERFIELD. That is really the only telltale in all Wall Street that appears to have been working, and that is a very just statement, in view of the statements that have been coming in about those instruments.

Mr. BUCKNAM. Just what do you mean by that?

Mr. CHIPERFIELD. Oh, I will tell you plainly what I mean. I think, if you ask my opinion, that the telltales have been said to be out of order when they were not, just as people have been said to be sick when they were not, and for one, I am getting very weary of it.

Mr. BUCKNAM. Don't you think it would be well for you to investigate that before you make an implication of that kind? As far as we are concerned, I would like to have you make it.

Mr. CHIPERFIELD. As far as making an investigation is concerned, when a number of things have happened time after time that show a characteristic course of action, I, for one, am convinced.

Mr. WHIPPLE. Mr. Chairman and gentlemen, you will observe that the Clement telegrams were both sent by Aldrich. That is, the telegrams to Hutton were sent from Chicago by Aldrich. This one was sent, signed Clement, practically at the same time.

Mr. GARRETT. You are mistaken, are you not? The second message was signed by Clement.

Mr. WHIPPLE. Yes; that is right. I beg your pardon. The first one was by Clement.

Mr. GARRETT. He said he sent a message at 11.55 of the same tenor of that which was sent at——

The CHAIRMAN (interposing). That is, Clement.

Mr. WHIPPLE. That seems to trace back to the same source—that is, Mr. Price—this telegram which we found in Washington and as to which no explanation could there be given.

Mr. CHIPERFIELD. And until definite information is obtained by telegrams it has been commonly attributed to rumor and information that customers brought in, as I understand it.

The CHAIRMAN. Just a minute. Might it not be well to ask Mr. Clement upon what he based that telegram, although I think it was based on the Price telegram?

Mr. WHIPPLE. Will you make that request and ask Mr. Clement?

The CHAIRMAN. Upon what he based that telegram to you, upon what message or information? The presumption is that it was on Mr. Price's telegram which was dated 11.42.

Mr. BUCKNAM. May I suggest, Mr. Whipple, that you write the wire you would like to send and it can be put on our wires?

Mr. WHIPPLE. You have got the other one?

Mr. BUCKNAM. I am asking now for the original and also——

Mr. WHIPPLE (interposing). Oh, yes. You write it out, Mr. Proctor, as to whether his telegrams to Mr. Raymond Pyncheon were based on any other information than that received from Mr. Price.

Mr. Bucknam, have you any other copies of messages received from Clement, Curtis & Co. or any one else during that day of December 20 on the subject of the peace note?

Mr. BUCKNAM. I have not found any yet, Mr. Whipple.

Mr. WHIPPLE. You are still making a search?

Mr. BUCKNAM. I am asking Clement over the wire now——

Mr. WHIPPLE (interposing). You are asking them to send you whatever their telltale shows on the subject?

Mr. BUCKNAM. Yes. Will you sign this telegram, Mr. Whipple?

Mr. PROCTOR. I will sign it.

Mr. WHIPPLE. Mr. Bucknam, are you able to state in a general way the course of your bank loans in October, November, and December, first as to whether they were increasing or not?

Mr. BUCKNAM. Increasing from what date, from what time?

Mr. WHIPPLE. Say from the 1st of October.

Mr. BUCKNAM. Yes; I think there was a slight increase.

Mr. WHIPPLE. Slight?

Mr. BUCKNAM. Yes. Through November and December?

Mr. WHIPPLE. Yes.

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. Were they abnormally high in October or abnormally high during all this period?

Mr. BUCKNAM. I should not say so. I would have to take a little time to investigate that. We took on some new business during that time which would——

Mr. WHIPPLE (interposing). Make it difficult to compare?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. Can you state in a general way the proportion of shares that you were carrying on the long side of the market as compared with the short?

Mr. BUCKNAM. I have it here for you, Mr. Whipple.

Mr. WHIPPLE. Mr. Bucknam has had prepared here, Mr. Chairman, a statement which he says he does not object at all to having read, but he is unable to state whether the loans as there represented during the week of December 18 are especially large because of having taken on some business which makes it difficult to compare.

The CHAIRMAN. Would you want all this read or just have it put in the record?

Mr. BUCKNAM. I will answer if you like. I can read it to you.

The CHAIRMAN. Suppose you read it all and let it go into the record. We did that yesterday.

Mr. WHIPPLE. We would hardly care for the loans.

Mr. BUCKNAM. May I get this message on the wire first?

The CHAIRMAN. Yes. Mr. Clark will take it.

Mr. BUCKNAM. If you will excuse me, I will do it.

Mr. WHIPPLE. Now, Mr. Bucknam, if you will state the long and short interests of your customers?

Mr. BUCKNAM. Comparative?

Mr. WHIPPLE. Yes.

Mr. BUCKNAM. By day?

Mr. WHIPPLE. By day; yes.

Mr. BUCKNAM. Long stocks, gross, December 18, 803,108; short, December 18, 1,242. December 19, long, 797,713; December 19, short, 2,495. December 20, long, 802,100; short, 790. December 21, 793,364 long, short 3,700. December 22, long, 804,522; short, 6,742.

Mr. WHIPPLE. The short interest in your accounts was almost negligible?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. And the long interests represented an investment in an area in New York and Philadelphia, Chicago, St. Louis, and large towns in their vicinity?

Mr. BUCKNAM. Yes; Buffalo and Minneapolis.

Mr. WHIPPLE. Did any of the members of your concern have an account at this time, a market account?

Mr. BUCKNAM. Market account?

Mr. WHIPPLE. Yes.

Mr. BUCKNAM. No member of our concern ever had a market account.

Mr. WHIPPLE. None of them were engaged in speculation?

Mr. BUCKNAM. There may be—oh, I do not know of any that has an open account.

Mr. WHIPPLE. I think the committee have been impressed with a statement on one hand by a great many brokers that speculation is the life of business in a community, that the communities could not get on without it, and still the brokers never indulge in it themselves; that they universally have their partnership articles restrain each other and their sense or judgment restrains them from indulging in that "life of business."

Mr. BUCKNAM. Mr. Whipple, is it their sense or are not they trustees for their clients and have no right to involve their clients' money?

Mr. WHIPPLE. That is an aspect of it that certainly ought to be considered.

Mr. BUCKNAM. I think so.

Mr. WHIPPLE. That is, you say, then, that as your concern was carrying sometimes over 800,000 shares of stock that if, as we understand the rules of the stock exchange permit, your members of the firm should sell short 800,000 shares and make delivery of the stock which they were carrying for their customers, that that would be a dishonorable——

Mr. BUCKNAM (interposing). Very.

Mr. WHIPPLE (continuing). Conduct on the part of the brokers——

Mr. BUCKNAM (interposing). Very, extremely.

Mr. WHIPPLE (continuing). And dishonorable——

Mr. BUCKNAM (interposing). Absolutely.

Mr. WHIPPLE (continuing). Because they ought not to be using their customers' stock to make good the deliveries for their private speculations. That is the idea, is it not?

Mr. BUCKNAM. Yes; certainly. Not only that, but if the market went against them they certainly would involve their clients.

Mr. WHIPPLE. But we are dealing here with the situation where a firm of brokers has advance information of an event which is practically sure to create a drop in the stock market prices, and the use of that information in selling shares of stock short and making delivery out of the stock that they are carrying for their customers, would be doubly dishonorable toward their customers, would it not?

Mr. BUCKNAM. I should think so.

Mr. WHIPPLE. And still there is no rule of the Stock Exchange against their doing that very thing?

Mr. BUCKNAM. I am not enough familiar with it——

Mr. WHIPPLE (interposing). But you would say that, as trustee——

Mr. BUCKNAM (interposing). Absolutely.

Mr. WHIPPLE (continuing). For their customers, that such conduct, that is, selling stocks short and making deliveries out of the long stocks of their customers on advance information before they gave that information to their customers, would be reprehensible and dishonorable to a degree?

Mr. BUCKNAM. I should think so.

Mr. WHIPPLE. In point of fact, did your firm loan the long stock of its customers to any extent during this week?

Mr. BUCKNAM. Not to any extent. We did not make a practice of that, Mr. Whipple. I think there was some small amount; I have got it here.

Mr. WHIPPLE. Why do you not make a practice of it?

Mr. BUCKNAM. Do you want the stocks borrowed?

Mr. WHIPPLE. I think only in a general way, or if you have it there, I think possibly it might be well to hand it to the gentlemen of the committee for their perusal without necessarily making it a part of the record.

The CHAIRMAN. Stocks borrowed.

Mr. WHIPPLE. Does that mean stocks loaned by your firm?

Mr. BUCKNAM. Stocks borrowed.

Mr. WHIPPLE. Oh, borrowed?

Mr. BUCKNAM. Yes; in that item.

Mr. WHIPPLE. Have you a statement of the stocks that you loaned out to others?

Mr. BUCKNAM. No. There was no request for it, but we will give that to you.

Mr. WHIPPLE. All right, if you will be good enough to have that prepared.

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. Now, can you give us a statement of the number of of shares of the different active clearing-house stocks purchased and sold on the exchange daily for that week of December 18?

Mr. BUCKNAM. Yes.

Mr. WHIPPLE. If you will, please. Just give the total for each day of all stocks. That can just as well be done a little later and we can put it into the record. I will not trouble you to compute it now.

The CHAIRMAN. Is that all, Mr. Whipple?

Mr. WHIPPLE. Yes.

The CHAIRMAN. Any other questions, gentlemen?

Mr. CHIPERFIELD. I wish to ask a few questions.

The CHAIRMAN. All right.

Mr. CHIPERFIELD. Was your telltale working all right during the week of December 12 to 20?

Mr. BUCKNAM. December 12 to 20?

Mr. CHIPERFIELD. Last.

Mr. BUCKNAM. I do not think so; no.

Mr. CHIPERFIELD. What was wrong with it?

Mr. BUCKNAM. It had gotten out of adjustment and we had got the operator who had charge of that telltale; I do not remember whether he had left or whether he was sick, but we had a new operator.

Mr. CHIPERFIELD. Pause a moment there. The operator who was running that telltale was sick?

Mr. BUCKNAM. I said I did not remember whether he had left. My impression is that he had left.

Mr. CHIPERFIELD. Then why did you mention the fact that he was sick?

Mr. BUCKNAM. Well, I am not certain. But my point is that we had a new operator there and we were so busy that we did not dare, having a new operator, to give him the care of taking care of the telltale, too.

Mr. CHIPERFIELD. When did the telltale get out of order?

Mr. BUCKNAM. I do not know. I can find out.

Mr. CHIPERFIELD. Have you any idea?

Mr. BUCKNAM. No.

Mr. CHIPERFIELD. Do you personally know that it was out of order?

Mr. BUCKNAM. I have been told.

Mr. CHIPERFIELD. I did not ask that. Do you know personally that it was out of order?

Mr. BUCKNAM. Do I personally know that it was out of order?

Mr. CHIPERFIELD. Yes.

Mr. BUCKNAM. No.

Mr. CHIPERFIELD. Who is the man who would know?

Mr. BUCKMAN. The chief operator.

Mr. CHIPERFIELD. What is his name?

Mr. BUCKNAM. George Cadore.

Mr. CHIPERFIELD. Is he in your employ now?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. Then so far as the telltale is concerned, and as to whether it was properly recording, you can only give us second-hand information?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. And he is the man who can give us first-hand information?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. Then, it would be comparatively useless in pursuing the inquiry with you, I take it?

Mr. BUCKNAM. You can very easily get him down here.

Mr. CHIPERFIELD. Well, if you have any information on the subject I want to exhaust it, but if you have none I want to ask for the source that has.

Mr. BUCKNAM. All right.

Mr. CHIPERFIELD. Is the telltale still out of order?

Mr. BUCKNAM. I think it has been working in the last two or three days only.

Mr. CHIPERFIELD. Do you know anything about this telegram that was sent out by Pynchon to your customers on the 20th?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. Who wrote it?

Mr. BUCKNAM. Mr. Pynchon.

Mr. CHIPERFIELD. Did you know at the time it was written?

Mr. BUCKNAM. The exact moment it was written?

Mr. CHIPERFIELD. Oh, I do not mean that. The fact that it was written, something that happened in the course of business that you know about?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. Did you know of your own knowledge on what that telegram was based?

Mr. BUCKNAM. It was evidently based on the wire from Clement & Curtis and general rumors that we had been getting all day.

Mr. CHIPERFIELD. Let us take up first the wire of Clement, Curtis & Co., just for a question or two. I do not intend to prolong this. Your conclusion is that it was based on that?

Mr. BUCKNAM. On that and general rumors.

Mr. CHIPERFIELD. What general rumors?

Mr. BUCKNAM. My recollection is that we had heard rumors all day; that is, that part of the day.

Mr. CHIPERFIELD. What part of the day?

Mr. BUCKNAM. Around noon.

Mr. CHIPERFIELD. Well, that is much earlier than noon; that telegram is much earlier. Is not that a fact?

Mr. BUCKNAM. 11.55, is it not?

Mr. CHIPERFIELD. What was the date or hour of the Pynchon message to your concern?

Mr. BUCKNAM. I think it was in the neighborhood of 2 o'clock, but I am checking that up to be sure.

Mr. CHIPERFIELD. Very well. You say you had heard rumors during the morning?

Mr. BUCKNAM. Around noontime.

Mr. CHIPERFIELD. You had heard them yourself?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. From what sources did they come?

Mr. BUCKNAM. I think evidently from the Curtis wire.

Mr. CHIPERFIELD. Let us leave that out and speak of the rumors for a minute.

Mr. BUCKNAM. And just general office rumors.

Mr. CHIPERFIELD. Who communicated the rumors to you?

Mr. BUCKNAM. I do not recollect. Probably one or two clients that may have come in.

Mr. CHIPERFIELD. Instead of giving your clients information you received information from your clients?

Mr. BUCKNAM. At times; yes.

Mr. CHIPERFIELD. Who were the clients?

Mr. BUCKNAM. I do not remember.

Mr. CHIPERFIELD. What information did they give you?

Mr. BUCKNAM. To the effect that something was coming out.

Mr. CHIPERFIELD. What was coming out?

Mr. BUCKNAM. That is all we had.

Mr. CHIPERFIELD. That something was coming out?

Mr. BUCKNAM. We had nothing definite.

Mr. CHIPERFIELD. That something was coming from where?

Mr. BUCKNAM. Either from Washington or from German sources. We could not find out which.

Mr. CHIPERFIELD. That somewhere and somehow something was coming out?

Mr. BUCKNAM. That is it.

Mr. CHIPERFIELD. And what it was or whether it was anything, you had no means to know?

Mr. BUCKNAM. No, sir; we had nothing definite.

Mr. CHIPERFIELD. And you did not have then any definite source of information unless this Clement message could be called definite information?

Mr. BUCKNAM. I do not think that could be called definite information.

Mr. CHIPERFIELD. You did not have anything definite unless the Clement message could be called definite?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. Now, when you sent out this telegram: "We should not be surprised to see developments later in the day which may sentimentally affect the market," on what did you base that expression "sentimentally affect the market"? What did you mean by it?

Mr. BUCKNAM. That was Mr. Pynchon's message. I am not prepared to say just what he meant.

Mr. CHIPERFIELD. You are a member of that firm?

Mr. BUCKNAM. No.

Mr. CHIPERFIELD. Well, you are the manager of that firm?

Mr. BUCKNAM. I suppose I would be called the manager; yes.

Mr. CHIPERFIELD. Would you feel, in view of your knowledge of the business and your acquaintance with the workings of Mr. Pynchon's mind, that you could construe his telegram?

Mr. BUCKNAM. I might.

Mr. CHIPERFIELD. Was there anything in the rumors that you heard on which you could base a statement that it would sentimentally affect the market; and if so, what was it?

Mr. BUCKNAM. Well, I think the rumor, without being definite, might sentimentally affect the market.

Mr. CHIPERFIELD. How would it sentimentally affect the market? What was meant by that expression?

Mr. BUCKNAM. Well, any rumor—that is, any considerable rumor—would sentimentally affect the market.

Mr. CHIPERFIELD. How sentimentally affect the market, and what do you mean by that statement?

Mr. BUCKNAM. By forcing the market to decline.

Mr. CHIPERFIELD. Then, when you use the word "sentimentally" you did not use it in the ordinary acceptation of the term?

Mr. BUCKNAM. It means "temporarily" as much as anything else.

Mr. CHIPERFIELD. Oh, you relate the word "sentimentally"—

Mr. BUCKNAM (interposing). I am only trying to interpret Mr. Pynchon's thought.

Mr. CHIPERFIELD. You relate the word "sentimentally" to the duration that the market would be affected rather than the quality in which it would be affected. Is that true?

Mr. BUCKNAM. Perhaps so.

Mr. CHIPERFIELD. Why did you not say "temporarily" instead of "sentimentally"?

Mr. BUCKNAM. I do not know why I did not.

Mr. CHIPERFIELD. You are not in a very good condition, I take it, to construe his meaning?

Mr. BUCKNAM. Perhaps not.

Mr. CHIPERFIELD. Your last concluding sentence: "We can not be very definite." What did you mean by that, to give a general air of mystery to the situation?

Mr. BUCKNAM. Just what appears.

Mr. CHIPERFIELD. You did have more definite information in the——

Mr. BUCKNAM (interposing). I do not know that we did. I have not seen the original of that message yet.

Mr. CHIPERFIELD. Then I will read it to you, the message as it stands, which Mr. Clement says he sent:

I hear that State Department will issue statement to-day regarding economic conditions European war as affecting neutrals, intended to promote peace prospects.

You did have something more definite than this message, if Clement has advised you correctly.

Mr. BUCKNAM. If that is the original message, but that is based on Clement's information. We had nothing definite from the State Department.

Mr. CHIPERFIELD. You did not? You say you did not?

Mr. BUCKNAM. Certainly not.

Mr. CHIPERFIELD. Then your information was based on the Clement message?

Mr. BUCKNAM. Evidently, partly; yes.

Mr. CHIPERFIELD. Why did not you give your clients, then, the information which was contained in the Clement message, instead of saying "We can not be more definite," when you could be more definite?

Mr. BUCKNAM. It was not first-handed information.

Mr. CHIPERFIELD. I do not care whether it was first-handed or not. It was sufficiently reliable in your opinion for you to use it. Now, if you used it at all, why did not you give them all the information?

Mr. BUCKNAM. I think we used it in an indefinite way.

Mr. CHIPERFIELD. Did you make it vague for the purpose of promoting the mystery of the thing?

Mr. BUCKNAM. Certainly not.

Mr. CHIPERFIELD. If you were going to give the information, why did not you give the information that you had?

Mr. BUCKNAM. I do not think that we put out that message——

Mr. CHIPERFIELD (interposing). You did put it out.

Mr. BUCKNAM. Pardon me.

Mr. CHIPERFIELD. You did put it out to the extent of saying——

Mr. BUCKNAM (interposing). Oh, to an extent, but we did not put out anything about any——

Mr. CHIPERFIELD (interposing). Have you any objection to waiting until I ask you the question? Then you shall have all the time you want to answer it.

We should not be surprised to see developments later in day regarding peace, which may sentimentally affect the market unfavorably. We suggest no purchases, but rather do nothing or sell. We can not be more definite.

You did advise your clients as to the course of caution they should pursue, based on the Clement Curtis message?

Mr. BUCKNAM. I do not think we advised them to pursue much of a course there, do you?

Mr. CHIPERFIELD. Did not you advise them to sell?

Mr. BUCKNAM. We advised them to do nothing or sell.

Mr. CHIPERFIELD. How many things were there to do? To buy or do nothing or sell—that is all there was to do in the market, was it

it not? That is all there was to do in the market—to buy or do nothing or sell?

Mr. BUCKNAM. That is three things they could do.

Mr. CHIPERFIELD. Do you think of anything else? (No answer.) You suggest no purchasing; therefore you told them not to buy?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. And then you leave them to use their judgment on the other two courses—to do nothing or sell?

Mr. BUCKNAM. Yes.

Mr. CHIPERFIELD. And then you based that on a Clement-Curtis note, did you not?

Mr. BUCKNAM. I do not know.

Mr. CHIPERFIELD. That is all.

Mr. BUCKNAM. I would like to make this suggestion. Don't you think we had better wait until we find out the actual message that Clement sent to us? He might not have sent that same message.

Mr. CHIPERFIELD. I was basing my questions on the fact that he says that this was the message. Until that is refuted, we have assumed that that was the message.

Mr. WHIPPLE. I understand that further testimony may be suspended until we get additional news about these telegrams?

The CHAIRMAN. Yes; the understanding was that you would produce telegrams if you found them, Mr. Bucknam.

Mr. FOSTER. You asked if the gentleman had any representative in Washington to furnish news to him, and he said he did not?

Mr. WHIPPLE. Yes.

Mr. BENNET. You are not intending to leave town in the near future, are you, Mr. Bucknam?

Mr. BUCKNAM. I have asked Mr. Whipple—I would like to go to Philadelphia on the 2 o'clock train, but I will return to-night on the 6, and I have asked Mr. Withington or Mr. Whipple if I might go.

Mr. BENNET. You may have those telegrams before that.

Mr. BUCKNAM. Any telegrams we find, I will send them down immediately.

Mr. BENNET. You are not intending to go to any remote point like Palm Beach or Memphis?

Mr. BUCKNAM. No, sir.

Mr. CHIPERFIELD. And your health is all right up to the present time?

Mr. BUCKNAM. Very good, thank you.

Mr. CHIPERFIELD. You are the only healthy broker on the street.

Mr. BUCKNAM. I do not think that is quite so.

Mr. CHIPERFIELD. They may be improving.

Mr. WHIPPLE. Mr. Chairman and gentlemen, I have thought we would, with your approval, suspend the examination of brokers for a few minutes to get another aspect of the question with which we are dealing, more particularly the investors' aspect, and therefore I will call representatives of a couple of the banks in New York with reference to their loans, if that meets with your approval?

Mr. HARRISON. Shall the brokers' representatives stay here?

Mr. WHIPPLE. Yes; I think perhaps they had better. I do not think it will be a great while.

TESTIMONY OF MR. FRANCIS L. HINE.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your residence and occupation?

Mr. HINE. Residence, New York City; occupation, president of the First National Bank.

Mr. WHIPPLE. How long have you been president of the First National Bank?

Mr. HINE. Eight years.

Mr. WHIPPLE. And as president you are the executive head in charge of its affairs?

Mr. HINE. Yes.

Mr. WHIPPLE. I will ask you whether during October and November and December, the First National Bank was loaning to brokers on securities that they had deposited with them?

Mr. HINE. It was.

Mr. WHIPPLE. What was the general course of the loans that that bank was making to brokers either on call or on time during October, November, and December?

Mr. HINE. What do you mean by "general course"?

Mr. WHIPPLE. I mean were loans increasing very largely with your bank?

Mr. HINE. They tended to increase; yes.

Mr. WHIPPLE. And to a very large or alarming extent?

Mr. HINE. To a very considerable extent. I would not say "alarming."

Mr. WHIPPLE. Did it get to a point where you were either refusing loans or discriminating against any particular kind of collateral?

Mr. HINE. We made no other discriminations than we usually make.

Mr. WHIPPLE. That is, you took no special precautionary measures?

Mr. HINE. No.

Mr. WHIPPLE. Would you object to stating the extent to which loans have increased between October and, say, the middle of December?

Mr. HINE. Well I would have to state offhand. I have not the figures.

Mr. WHIPPLE. I think that will be sufficient for the purposes of the committee. I do not think they care to get an exact statement.

Mr. HINE. I would say that our loans increased perhaps 20 per cent during that period—loans to brokers.

Mr. WHIPPLE. And would you have any objection to stating what the highest point was that they had reached during that time in amount? I suppose that all appears in your report, or at least it would be inferred from the report?

Mr. HINE. Yes. Perhaps seventy-five or eighty millions.

Mr. WHIPPLE. And that represented an increase of some 20 per cent during that time?

Mr. HINE. I would say so, sir.

Mr. WHIPPLE. Do you know anything of any meeting of bankers or representatives of banks who carried large brokers' loans with reference to checking the speculation that was rife at that time?

Mr. HINE. I do not.

Mr. WHIPPLE. If there were any such meeting, you knew nothing about it.

Mr. HINE. I knew nothing of it.

Mr. WHIPPLE. Were there conferences between bankers?

Mr. HINE. Not so far as I know.

Mr. WHIPPLE. Was there anything in the speculative situation that had been called to your attention that caused you to have any feeling or apprehension of alarm as to the situation along in the middle of December?

Mr. HINE. The manifest speculative tendency all over the country was in itself a cause of apprehension.

Mr. WHIPPLE. And that was a very marked thing?

Mr. HINE. It was.

Mr. WHIPPLE. And represented something quite unusual?

Mr. HINE. Yes.

Mr. WHIPPLE. Or at least it had not been usual for a number of years, or anything like that?

Mr. HINE. It prevailed to an unusual extent.

Mr. WHIPPLE. But it had not reached a point where the First National Bank had said to any of its customers that it would not loan more?

Mr. HINE. Oh, no.

Mr. WHIPPLE. On account of any apprehension growing out of the speculative situation.

Mr. HINE. Oh, no.

Mr. WHIPPLE. And there was nothing, as I understand, in the forecast, or that you could see, that indicated any serious danger from a sudden decline in the market?

Mr. HINE. Not at that time.

Mr. WHIPPLE. That is, you felt that the margin of the value of the securities above your loans—your own bank felt safe enough with regard to its loans?

Mr. HINE. Yes.

Mr. WHIPPLE. Now, proceeding to another subject. I may say, perhaps, that it has been impressed upon this committee from different sources that the larger banking institutions of New York have a recognized course of proceeding whereby, when the markets are very high—at least, when the prices of stocks are very high—the bankers have special advantages as to the situation, extent of loans, and things of that sort, and that they sell out the securities which they have accumulated and then, when there is a break in the market, they buy back or invest their funds in Wall Street securities at much lower figures, and the committee would be interested to know whether any such course of proceeding as that has prevailed, say, during the last year, as far as it has to do with the First National Bank?

Mr. HINE. So far as the First National Bank is concerned, no.

Mr. WHIPPLE. Or any of its allies or subsidiaries?

Mr. HINE. No.

Mr. WHIPPLE. You were good enough, at my request, to furnish for the use of the committee a statement in relation to the investments of your bank, and I will lay this memoranda before you to refresh your recollection.

Mr. HINE. Yes.

Mr. WHIPPLE. I will direct your attention to the month of December and the break in the market which occurred on the 21st.

Mr. HINE. Yes.

Mr. WHIPPLE. Would you object to stating in a general way the extent to which the bank made purchases of securities dealt in on the stock exchange?

Mr. HINE. You mean on the 21st of December?

Mr. WHIPPLE. Well, take that for illustration; yes.

Mr. HINE. It made no purchases on the 21st.

Mr. WHIPPLE. No purchases whatever?

Mr. HINE. No.

Mr. WHIPPLE. To what extent did they make purchases during the month of December?

Mr. HINE. The First Securities Co. you are referring to, I suppose?

Mr. WHIPPLE. Yes.

Mr. HINE. The First Securities Co. made purchases of approximately 8,000 shares.

Mr. WHIPPLE. During December?

Mr. HINE. During December.

Mr. WHIPPLE. The character of the securities was what?

Mr. HINE. Preferred shares—Western Union, American Can, United States Steel. Those seem to be the principal ones.

Mr. WHIPPLE. About 8,000 shares in all?

Mr. HINE. A little less than 8,000 shares.

Mr. WHIPPLE. During the month of December?

Mr. HINE. During December.

Mr. WHIPPLE. During the period of high prices in October or November, or in December before the break in the market, did the securities company which you have spoken of dispose of any substantial amount of its investments?

Mr. HINE. In December we sold practically nothing.

Mr. WHIPPLE. And in October and November?

Mr. HINE. In October it sold 900 shares. Two accounts, small investments, made some time ago, were closed.

Mr. WHIPPLE. And in November?

Mr. HINE. In November the sales were less than 10,000 shares.

Mr. WHIPPLE. And your purchases during that month, have you stated—the month of November?

Mr. HINE. The purchases were 20,000 shares; about that, approximately.

Mr. WHIPPLE. That is, you purchased about twice as many shares during the period of high prices as you sold?

Mr. HINE. Yes.

Mr. WHIPPLE. You spoke of the First National Securities Co.—

Mr. HINE (interposing). The First Securities Co.

Mr. WHIPPLE. And you spoke of that company as having purchased the shares?

Mr. HINE. Yes.

Mr. WHIPPLE. The First National Bank of itself did not buy or sell any shares?

Mr. HINE. It did not.

Mr. WHIPPLE. Will you explain to the committee the relations of the First Securities Co. to the First National Bank?

Mr. HINE. The owner of a certificate of the First National Bank carries with it ownership of an equal interest in the First Securities Co.

Mr. WHIPPLE. Yes, and the First Securities Co. has a State charter?

Mr. HINE. Yes.

Mr. WHIPPLE. And under that charter is permitted to buy and sell such investment securities as its board of directors approve?

Mr. HINE. Yes.

Mr. WHIPPLE. And there is no separate certificate, as I understand, of interest in the First Securities Co.?

Mr. HINE. There are separate certificates, but they are largely in the hands of trustees.

Mr. WHIPPLE. They are largely in the hands of trustees?

Mr. HINE. Yes.

Mr. WHIPPLE. Under some declaration of trust?

Mr. HINE. Yes.

Mr. WHIPPLE. So that, as you have said, the owners of shares in the First National Bank have an equal or proportionate interest in the shares of the First——

Mr. HINE (interposing). Of the Securities Co.

Mr. WHIPPLE. Of the First Securities Co.?

Mr. HINE. Yes.

Mr. WHIPPLE. And the officers, I suppose, are practically the same?

Mr. HINE. About the same; yes.

Mr. WHIPPLE. And the Security Co. has its offices in the banking house of the First National?

Mr. HINE. Yes.

Mr. WHIPPLE. And the Security Co. may borrow from the First National just as any other customer, as I understand?

Mr. HINE. Yes.

Mr. WHIPPLE. And deposits its securities with the First National Bank?

Mr. HINE. Yes.

Mr. WHIPPLE. Does it borrow from other institutions aside from the First National?

Mr. HINE. It borrows of others; yes.

Mr. WHIPPLE. That is, it may if it sees fit?

Mr. HINE. Yes.

Mr. WHIPPLE. Borrows its money wherever it can?

Mr. HINE. Yes.

Mr. WHIPPLE. And, therefore, the profits or losses of the Security Co. accrue, in proportion to their holdings, to the stockholders of the First National?

Mr. HINE. They do.

Mr. WHIPPLE. And as you were testifying a moment ago, the stocks that were bought and sold by the First Security Co. were bought and sold by that company?

Mr. HINE. They were.

Mr. WHIPPLE. The origin, I understand, of the Security Co. was an organization for the purpose of transferring to it certain securities which the First National held?

Mr. HINE. Yes, sir.

Mr. WHIPPLE. And it was thus capitalized?

Mr. HINE. Certain stocks.

Mr. WHIPPLE. Stocks that it had very likely acquired by foreclosing pledges or in any other way?

Mr. HINE. No; stocks that had been bought for investment and which the bank had held for many years without protest, but the Comptroller of the Currency rather insisted that they should be disposed of and this manner of disposing of them was adopted.

Mr. WHIPPLE. The Security Co. was merely a capitalization based upon the value of the securities which were transferred over by the First National to the First Security.

Mr. HINE. Yes, sir.

Mr. WHIPPLE. It was not a company to which shares were subscribed for in cash?

Mr. HINE. No.

Mr. WHIPPLE. It was simply a capitalization——

Mr. HINE (interposing). Yes; it was. The bank declared an extra dividend of \$10,000,000, and with the proceeds of that dividend——

Mr. WHIPPLE (interposing). And then that was invested in a new company?

Mr. HINE. Yes, sir.

Mr. WHIPPLE. Which acquired thereby the stocks from the First National?

Mr. HINE. Yes.

Mr. PATTEN. In the month of December the call interest rate in New York increased, did it not?

Mr. HINE. Yes, sir.

Mr. PATTEN. Will you kindly indicate to the committee the technical reason for the increase in the rate, which has been low for the past six or eight months, rather low?

Mr. HINE. The demand seemed to be greater than the supply.

Mr. PATTEN. For call money on the Stock Exchange?

Mr. HINE. Yes, sir.

Mr. PATTEN. It was not attributable to any other foreign loans, or anything of that sort?

Mr. HINE. No, sir; I do not think so.

Mr. PATTEN. It was simply the demand for call money on the Stock Exchange itself?

Mr. HINE. Yes, sir.

Mr. PATTEN. On collateral on the Stock Exchange?

Mr. HINE. Yes, sir.

Mr. PATTEN. Was there at any time any discrimination against purely industrial loans during that period by the banks?

Mr. HINE. Not by us.

Mr. PATTEN. Might I ask when this \$10,000,000 of dividends were declared by the First National, what year?

Mr. HINE. I think it was 1908.

Mr. PATTEN. What was the percentage of the dividend on the capital stock?

Mr. HINE. One hundred per cent.

Mr. PATTEN. With regard to the certificates, I understand there are two certificates, one certificate of the First National Bank and another certificate of the Security Co.?

Mr. HINE. No. The back of each bank certificate bears the ownership or interest in the First Security Co.

Mr. PATTEN. And is the security company organized under the State law?

Mr. HINE. Yes, sir.

Mr. PATTEN. And it simply bears this stamp on the back of the certificate of the First National Bank?

Mr. HINE. Yes.

Mr. PATTEN. You do not issue a separate certificate?

Mr. HINE. No. There are certificates, as a matter of form, which are held by trustees, but the evidence of ownership consists of a certificate stamped on the back of the bank certificate.

Mr. PATTEN. Who are the trustees of these certificates—officials of the bank?

Mr. HINE. I am one, Backus is another, and Baker is another.

Mr. PATTEN. They are all officials of the First National Bank?

Mr. HINE. Officials or directors of the First National Bank.

Mr. PATTEN. And there is no possibility of anybody becoming a stockholder of the security company unless he is a stockholder of the First National Bank?

Mr. HINE. No. You know there are several hundred banks throughout the country which have exactly the same arrangement.

Mr. PATTEN. Oh, yes; I understand that. It was the method that I was trying to get.

Mr. HARRISON. You say there are several hundred banks that have a similar arrangement throughout the country?

Mr. HINE. Yes; three or four hundred.

Mr. HARRISON. From the 1st of March to the 27th of December what was the total amount of shares that were bought by the security company?

Mr. HINE. Fifty-five thousand six hundred shares.

Mr. HARRISON. How much of that is United States Steel? How many shares of United States Steel were bought during those months?

Mr. HINE. Twenty-two thousand.

Mr. HARRISON. How much was sold during that time?

Mr. HINE. Five thousand.

Mr. HARRISON. Then you still have, or did have on December 27, about 18,000 United States Steel?

Mr. HINE. Yes.

Mr. HARRISON. How much did you sell of all stocks during that time?

Mr. HINE. Fifty-five thousand six hundred shares.

Mr. HARRISON. You bought that many. How many did you sell?

Mr. HINE. During the whole period?

Mr. HARRISON. Yes.

Mr. HINE. Nineteen thousand.

Mr. HARRISON. Does the Security Co. accept deposits?

Mr. HINE. No.

Mr. GARRETT. Was this investment of the \$10,000,000 made in the Security Co. with the approval of the stockholders?

Mr. HINE. Yes; their unanimous approval.

Mr. GARRETT. Of the stockholders?

Mr. HINE. Yes.

Mr. CHIPERFIELD. If I understood you correctly, the First National Bank declared an extra dividend of \$10,000,000 and organized this trust company?

Mr. HINE. Security company.

Mr. CHIPERFIELD. Excuse me. I miscalled it. Does the First National Bank make loans to this security company?

Mr. HINE. It does.

Mr. CHIPERFIELD. Would you consider it at all inimical to your business dealings if I were to inquire as to the amount of loans that it makes to the security company?

Mr. HINE. It never exceeds its legal limit, which is \$3,000,000, and I think it is much less than that now. But, I say, it never exceeds its legal limit.

Mr. CHIPERFIELD. What I wanted to get at was this, and I am asking for information, because I say to you frankly I do not know. The legal limit is \$3,000,000?

Mr. HINE. Yes, sir.

Mr. CHIPERFIELD. On what kind of security?

Mr. HINE. High-class railroad stocks.

Mr. CHIPERFIELD. The thing I want to know, and I will put the question directly, so as to shorten it as much as possible: After having loaned \$3,000,000 is there any way that the Security Co. can get more loans by the hypothecation of securities or anything of the kind, or is that the absolute limit?

Mr. HINE. That is the absolute limit.

Mr. BENNET. Was this arrangement between the First National Bank and the First Security Co. referred to the then Comptroller of the Currency in 1908, when the First Security Co. was organized?

Mr. HINE. Oh, yes; and with his consent and approval.

Mr. BENNET. And all subsequent Comptrollers of the Currency have known about it?

Mr. HINE. Oh, they have the privilege of examining the Security Co.

Mr. BENNET. But that would be voluntary on the part of the Security Co.?

Mr. HINE. No, not necessarily. We volunteered it at the time the arrangement was entered into. We told the comptroller at the time that we would be very glad to have him examine the Security Co. as well as the bank, and I think the examiners do that.

Mr. BENNET. So a part of the arrangement by which the \$10,000,000 of extra dividend was used for the formation of the First Security Co., was a voluntary arrangement on the part of the First Security Co. by which its books were open to the same sort of examination by the national bank examiners as the books of the banks are?

Mr. HINE. Yes, sir.

Mr. BENNET. Since the organization of your security company it is your understanding that some three or four hundred similar companies have been organized throughout the country?

Mr. HINE. Not since then; there were several organized before; we were not the first.

Mr. BENNET. I would take it from the name, the First Security Co., that you were the first company so organized?

Mr. HINE. No, but the first in this city.

Mr. BENNET. Where was the first one organized, if you recall?

Mr. HINE. So far as I can remember the First of Chicago was the first bank making this arrangement.

Mr. BENNET. These security companies are not confined to the State of New York at all?

Mr. HINE. Oh, no; they are in California and every western State.

Mr. BENNET. Mr. Campbell informs me that there is one in Kansas?

Mr. HINE. Yes; there is one in Kansas, and there is also one pending in Kansas City.

Mr. BENNET. Missouri?

Mr. HINE. Yes.

Mr. CAMPBELL. We had one in a town of 10,000 in my State.

Mr. HINE. Is that so?

Mr. CAMPBELL. Yes, sir; but it did not pay.

Mr. BENNET. The existence of these several hundred security companies is, to the best of your information, known to the Comptroller of the Currency, just the same as the existence of your company is known to him? There is no secret about it?

Mr. HINE. I think not. But whether the comptroller examines the others or not, I do not know. In many cases these security companies are trust companies as well, but ours is unlike most of the other institutions in that regard; our security company is not a trust company because we do not receive deposits.

Mr. BENNET. Then I take it from that testimony that some of these adjunct companies, if I can use that expression, are not only security companies—that is, companies which buy and sell securities—but actually trust companies which receive deposits?

Mr. HINE. Most of them are.

Mr. BENNET. Is it the common practice in connection with these others, so far as you know, that the ownership is held either in one certificate or by trustees, as in the case of yours?

Mr. HINE. That is my understanding.

Mr. BENNET. Of course, I understand—this being a New York corporation—that you must have at least three certificates, because our New York State law requires not less than 3 nor more than 13 directors.

Mr. HINE. Well, there are more than that; I think we have five trustees.

Mr. BENNET. Section 10 of the business corporation law, as I remember it, permits, if you put an appropriate provision in your certificate of incorporation, you to provide for the holding of all stock in one certificate. You are not a lawyer?

Mr. HINE. No; but I am sure we have complied with the law.

Mr. BENNET. But that is possible under our law.

Mr. GARRETT. Why did not the bank do this directly instead of organizing this new concern?

Mr. HINE. Because, as I say, the bank held a large amount of high-class stocks and some others, which it had accumulated during a long period, during which period they had been permitted by the department to hold them. But the Comptroller of the Currency at length questioned the right of a national bank, which was not unusual. But the question became more acute as to the right of national banks to hold shares. The national banking law, however, does not prohibit the holding of any shares except national bank shares, but the comptroller had ruled, owing to the decision which

he quoted—I do not know whether it was a Supreme Court decision or not—called the California decision, that the plain inference was that national banks had not a right to hold shares in other corporations and, therefore, the comptroller requested the banks all over the country to dispose of these shares, and this was our method of disposing of them. We might have distributed them, of course, among our shareholders, but the larger shareholders expressed a desire that they should continue to be held intact and, furthermore, the national banks had not a right to lend on real estate security, and we occasionally had requests from our correspondents throughout the country to make loans on real estate—on mortgages. We could not do that, although we had done it occasionally, but we were always criticized. Now, through this company, we are able to make loans, accommodate our correspondents and dealers by making loans on real estate, which we do to a moderate extent only.

Mr. GARRETT. Then I deduce from what you have said that you desire the committee to understand that this company was organized, this Security Co., as a holding company; that is, to hold securities?

Mr. HINE. That is what it was and is.

Mr. GARRETT. And not for the purpose of dealing in the speculative market—that is, the fundamental purpose of it was not to deal in the speculative market—is that right?

Mr. HINE. It is not the fundamental purpose; no. Broadly speaking, we do not deal; we invest. This record that we have given you includes by far the largest transactions that we have made in both buying and selling since the company was organized and, as you see, the principal part of it was in one stock, as I have stated, United States Steel. If you eliminate that there is not much left.

Mr. GARRETT. That was margin dealing, was it not?

Mr. HINE. Oh, no; this represented investments.

Mr. GARRETT. That was purely investment and no margin dealing?

Mr. HINE. No; the First Security Co. does not deal on margins. We would have to assess our stockholders pretty soon if we did that.

Mr. GARRETT. I think it is quite important to know that.

Mr. WHIPPLE. That shows that marginal transactions are not approved of in high stations of finance?

Mr. HINE. No. I may say that if bankers had all the knowledge of the market that they are credited with it would not be necessary for them to remain in business long, but, as a matter of fact, my observation and experience goes to show that bankers per se are about the poorest judges of the market going. That goes for what it is worth.

Mr. GARRETT. As I understand it, the arrangement was well known to the Comptroller of the Currency at the time and was approved by him?

Mr. HINE. It was done in conference with him.

Mr. GARRETT. And it has been known since to all comptrollers and there has been no secret about it?

Mr. HINE. No.

Mr. POU. Would not the Comptroller of the Currency have the right to examine into the shares of the First Security Co. by virtue of the fact that it was a borrower from your bank; that is, when an

examiner came to investigate the \$3,000,000 that you would loan to the Security Co.?

Mr. HINE. He would have no more right to investigate the Security Co. than any other customer of the bank.

Mr. POW. He would have the right to investigate and see what security was put up?

Mr. HINE. Well, the security is right there in the possession of the bank, in the loan department, you see?

The CHAIRMAN. Mr. Hine, you state that there is a memorandum on the back of the certificate of stock indicating ownership in the First Security Co.?

Mr. HINE. Yes.

The CHAIRMAN. Then, of course, there is nothing to keep the Comptroller of the Currency, through his examiners, from going to your records and books and finding out all of these things. There is no secret about that?

Mr. HINE. No; there is no secret whatever.

The CHAIRMAN. And you could not conceal it if you wanted to, because the examiner would have the right to look at the books and in that way discover it?

Mr. HINE. Whether he has the right or not we are perfectly willing that he should.

The CHAIRMAN. I understand that, but as a matter of fact, the records of your bank would show these things, would they not?

Mr. HINE. No.

The CHAIRMAN. Well, they would show the loans to the First Security Co.?

Mr. HINE. Oh, yes.

The CHAIRMAN. But they would not show the ownership of certificates in the First Security Co.?

Mr. HINE. No.

The CHAIRMAN. And there is no secret about that, as you say?

Mr. HINE. Oh, no; none whatever.

The CHAIRMAN. That is all I wish to ask.

Mr. WHIPPLE. That is all.

TESTIMONY OF MR. WILLIAM A. SIMONSON.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. Will you state your full name?

Mr. SIMONSON. William A. Simonson.

Mr. WHIPPLE. And your residence?

Mr. SIMONSON. In New York City.

Mr. WHIPPLE. Your occupation?

Mr. SIMONSON. General executive manager of the National City Bank of New York.

Mr. WHIPPLE. How long have you occupied that position?

Mr. SIMONSON. That office was a new office only created the first of the year. Previous to that I had been senior vice president for 10 years or more.

Mr. WHIPPLE. Do you still also have that title as senior vice president?

Mr. SIMONSON. No; that has been changed to general executive manager.

Mr. WHIPPLE. And as general executive manager is it a fact that you have practical charge and control of the affairs of that institution under the direction of the board of directors?

Mr. SIMONSON. Under the direction of the board of directors and the president.

Mr. WHIPPLE. And the president?

Mr. SIMONSON. Yes.

Mr. WHIPPLE. And the president is Mr. Vanderlip?

Mr. SIMONSON. Yes, Vanderlip.

Mr. WHIPPLE. How long have you been connected with the bank?

Mr. SIMONSON. Twenty-five years.

Mr. WHIPPLE. Practically grown up in your business life with it?

Mr. SIMONSON. Like most New Yorkers, I was trained in the country. I was 10 years in a country bank before that.

Mr. WHIPPLE. Then you came to the National City Bank?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. Now, first let me direct your attention to a period of time at the close of last year, October, November, and December, and I will ask you to state to the committee in general with regard to your loans to brokers during that period of time, whether they increased substantially, if you could give them, from week to week, from month to month, or in some way that will allow the committee to understand what is to be deduced from those loans as affecting the speculative situation.

Mr. SIMONSON. I have the loan and purchase proofs which I brought for those three months which give figures in detail.

On October 2 the demand loans to stock brokers amounted to \$88,000,000.

Mr. WHIPPLE. Would you prefer to divide the time and demand loans?

Mr. SIMONSON. Well, the demand loans—I have not a division as to which are brokers and which are not, because our time loans to brokers are not large in volume. We do very little of that business.

Mr. WHIPPLE. Very well.

Mr. SIMONSON. On October 21 they were \$66,000,000. That represented practically a decline in our deposits which allowed our loans to reduce. Our call loans on the board are operated wholly with respect to our deposits. As the deposits fluctuate, we fluctuate the Wall Street loans with them.

On November 1 there were \$66,000,000. That is November 1. Now, I will give you any date in November you want.

November 15 they were \$78,000,000.

December 1 there were \$89,000,000. You see that had gone up. They went up \$7,000,000 in one day. That evidently represented our increased deposits in the call money market that day.

Now, there comes a decline. On December 1 there were \$89,000,000. On December 4 there were \$76,000,000. They had shrunk there and I took from our general ledger, because that interested me, our net deposits decline, and here it is.

On December 1 the net deposits of the bank were \$435,000,000. On December 5 they were \$410,000,000. The deposits had shrunk \$10,000,000 in three or four days. Our percentage of reserve was 21.6 on the 1st of December. On December 22 it was 20.67. So that we had preserved our reserve which was 2 per cent higher than

the law required but lower than we operate the bank on, because with our large deposits we feel that it is unwise to operate on the lowest basis of reserve. So that that shrinkage in Wall Street loans indicated a shrinkage in deposits which had to be met somewhere and we met it in the call market.

Now, that was December 4. Now, we go to December 11. December 10 was evidently Sunday. They did not change very much. There were \$73,000,000. On December 19 they were \$74,000,000. On December 21 they were \$73,000,000. On December 26 they were \$69,000,000.

Mr. BENNET. Would you mind giving the 20th as you go along?

Mr. SIMONSON. I have each day, if you want it. December 20, \$73,000,000; December 21, \$73,000,000; December 22, \$72,000,000; December 26—that accounts for Saturday, Sunday, and Monday. There is no call money in the market then.

The CHAIRMAN. That is about as far as the committee wants to go.

Mr. SIMONSON. \$72,000,000. It may interest you to show that on December 30 they were \$68,000,000.

Mr. WHIPPLE. I think that is of interest because it shows the reduced loans.

Mr. SIMONSON. As I say, we use the call-money market just to get the fluctuation of deposits. My figures now show on February 13, which was the last statement I had, and which was laid on my desk yesterday morning, that the call loans were the same, both our deposits had gone up to \$510,000,000. You see there is \$100,000,000 rise from December 5 to February 13. Now, we have not increased our Wall Street loans to any extent, but our bills discounted run up to \$150,000,000. That is the proportion of our Wall Street loans. Our Wall Street loans are not measurably larger than they were on December 30, but we have met that by having our reserve crawl up to 29 per cent. In other words, we have got \$69,000,000 excess reserve in our vaults idle that could measurably be loaned out on these Wall Street loans, except that in the nature of things these deposits will shrink in the next few days, and rather than loan them out and take them right in again, we are letting the money lie idle.

When a bank gets into large figures like these, you can not loan it as closely as a smaller bank which has more stable deposits. It surprised me to know that our deposits were \$60,000,000 higher in 70 days.

The CHAIRMAN. Just as a matter of curiosity I want to ask this question. What were the largest deposits of this bank, if you know, on any one day 20 years ago?

Mr. SIMONSON. Twenty years ago? Oh, I can not tell, but when I went to the bank 25 years ago our deposits ran about \$15,000,000.

The CHAIRMAN. \$15,000,000? Now, six years ago what were they?

Mr. SIMONSON. I should hesitate to put on record figures that I can not remember.

The CHAIRMAN. Well, I do not want it exactly, but approximately.

Mr. SIMONSON. I should say they were probably something under \$200,000,000.

The CHAIRMAN. Now, three years ago?

Mr. SIMONSON. That is before the war. They had not risen very much.

The CHAIRMAN. Just before the war.

Mr. SIMONSON. They had not risen above \$200,000,000.

The CHAIRMAN. What was the largest amount there?

Mr. SIMONSON. I think this is pretty nearly the record, \$510,000,000, net. I do not think we have ever been much higher than that.

The CHAIRMAN. This does not bear on the investigation, but I was just wondering how much the Federal reserve act had scattered the money over the country.

Mr. SIMONSON. Well, our position is apparently a little different from a great many other institutions. Of course, it is different, because they have more than doubled. But other institutions have done the same thing.

I think the tendency is for the money to congest in the centers because it is idle money and the reserves of the country are drawn into the centers automatically. Nothing will ever prevent that.

The CHAIRMAN. You understand I am not complaining of the Federal reserve act, but I am congratulating you on the success of your great institution.

Mr. SIMONSON. Thank you.

Mr. PATTEN. In spite of the Federal reserve act?

Mr. SIMONSON. Oh, no. That is the best thing ever.

Mr. WHIPPLE. Apparently the objective upon which your eye is fixed is \$1,000,000,000.

Mr. SIMONSON. Well, we are ambitious.

The CHAIRMAN. Twenty-five years ago \$50,000,000 would be a pretty large deposit in one day.

Mr. SIMONSON. Yes, it was; but it has been the growth of the country and a few institutions not only in New York but in Chicago, St. Louis, Boston, and Philadelphia, have increased very rapidly.

Mr. FOSTER. Have they increased proportionately?

Mr. SIMONSON. I think so.

Mr. FOSTER. The First National Bank of Chicago has increased about in the same proportion?

Mr. SIMONSON. I rather think so. I do not know that it has got quite so far. Well, no; I do not think it has gone quite as far as this. In my judgment we will not have \$510,000,000 in two weeks hence.

Temporary money comes in and goes out, you see. We have just floated a \$250,000,000 loan to Great Britain, and that has congested here, but it is going out of the country every day.

Mr. FOSTER. And that will take it out?

Mr. SIMONSON. That will take it out. I expect my deposits to drop \$25,000,000 in the next two weeks.

Mr. POULSON. How do they run?

Mr. SIMONSON. I should say the real net deposits of the bank would be about \$450,000,000.

The CHAIRMAN. I beg your pardon, Mr. Whipple, I diverted you by my questions from the course of your examination.

Mr. BENNET. You kind of kidnaped the witness.

Mr. WHIPPLE. I understand that your bank each day has a representative upon the stock-exchange floor who is authorized to loan the brokers there money to the extent that you happen to have it on hand on a particular day?

Mr. SIMONSON. Yes.

Mr. WHIPPLE. And there you are able to dispose, by way of temporary loans and demand loans, of either a larger or smaller amount, as you happen to have the funds available for such purposes?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. And that enables you to deal day by day with this amount that happens to be deposited to a great extent or to an unexpected extent, and still doing that all with reference to keeping your reserve at some satisfactory point?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. Now, reverting to these months in question, was there anything in your brokerage loans that indicated anything with regard to speculation, whether it had reached a dangerous point?

Mr. SIMONSON. No. My loans had automatically diminished slightly, not very much, but they had not increased.

Mr. WHIPPLE. Was there anything in the situation which gave you a feeling of uneasiness or apprehension regarding the speculative situation in the country?

Mr. SIMONSON. No. I had watched it very closely, but it is common sense that the loan clerks will keep good securities on their loans and not loan the highly speculative things with narrow margins.

Mr. WHIPPLE. While your own institution was not directly interested in this situation, did you detect anything that was likely to produce a panic in the general market conditions?

Mr. SIMONSON. No. I think we were all conscious that there was some speculation.

Mr. WHIPPLE. But so far as you had observed, it had not reached any large point?

Mr. SIMONSON. I did not feel that it had.

Mr. WHIPPLE. You had not been declining to take loans?

Mr. SIMONSON. Not at all.

Mr. WHIPPLE. Had you been discriminating particularly against any form of collateral on account of uneasiness in connection with this stock market position?

Mr. SIMONSON. Not at all against any single group of securities.

Mr. WHIPPLE. Now, Mr. Simonson, I want to ask you the same question I asked Mr. Price with reference to investments and the popular and insistent idea that larger moneyed institutions in New York almost automatically, certainly methodically, bought large quantities of stock exchange securities on breaks in the market and held them until they gradually appreciated, and then by reason of their knowledge of the loan situation sold out at the very highest prices and thus reaped a perennial profit?

Now, referring to your own institution, is there any such proceeding as that?

Mr. SIMONSON. Absolutely not, sir. It is contrary to the national bank act. We would not do so, and have never done so.

Mr. WHIPPLE. Now, does that refer to the National City Bank?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. It absolutely buys no stock-market securities and sells them in that way?

Mr. SIMONSON. No.

Mr. WHIPPLE. I understand that you have an adjunct somewhat similar which deals in securities. What is the name of it?

Mr. SIMONSON. The National City Co.

Mr. WHIPPLE. Will you describe to the committee this organization, its inception, how it is organized, who its officers are, and the function that company performs in your financial operations?

Mr. SIMONSON. I can not give you the year, but it was seven, eight, or nine years ago. The City Bank, then having a capital of \$25,000,000 and a surplus measurably the same, declared a cash dividend of 40 per cent, amounting to \$10,000,000.

The stockholders were given the opportunity of subscribing to the stock of a holding company known as the National City Co., the stock of which was to be kept in the hands of trustees, similar to what Mr. Hine described, and the trustees were issued a certificate of ownership indorsed on the back of the bank stock. Every holder of the bank shares, with the exception of three or four of them, so subscribed. To the extent that they did not subscribe the capital stock of the National City Co. is that much less.

Some two or three executors or trustees preferred to take the dividend in cash. To all intents and purposes the capital stock was \$10,000,000.

That company was organized to deal largely in bonds and in securities other than the national bank act permitted, and it hung; it did not go along very lively until gradually we were worked into the dealing in investments and securities, dealing in bonds, buying bonds for public sale to investors.

The company does not buy or sell stocks. It bought or sold no stocks during any period such as I have given here, and the only stocks that it has are stocks that it has received either as a bonus with some bonds that it has bought, stock which it has taken under some reorganization in exchange for bonds, and some shares of foreign banks.

We own practically all of the stock of the International Banking Corporation which operates banks in the Orient, China, Japan, India, one at Panama, and one somewhere else in South America. We own the bank at Haiti. We own some bank in Cuba. All of which we hope, under the action of the Federal Reserve Bank, we will be able to absorb with our National City Bank in common with the branches we operate at present. But that, so far as I know, is all the stock we hold.

Mr. WHIPPLE. Therefore, so far as your Securities Co. is concerned, it neither bought nor sold any shares in the stock market during October, November, or December?

Mr. SIMONSON. Absolutely not.

Mr. WHIPPLE. Either as an investment or otherwise?

Mr. SIMONSON. No, sir. We may have sold some stocks that were received under reorganizations, bonds wiped out and stocks substituted, but that is selling and not buying.

Mr. WHIPPLE. As I understand it, you declared a cash dividend of 40 per cent, with the option to the stockholders of the National City Bank to subscribe for shares in a State institution known as the City Securities Co.?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. And you say that all except a very few did subscribe?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. All the shares of that new company were deposited with trustees to be held by them permanently, I take it?

Mr. SIMONSON. Yes.

Mr. WHIPPLE. And, as showing the ownership and right to participation in profits on the part of the individual stockholders of the City Bank, these trustees caused to be stamped on each certificate—a certificate of the National City Bank—a certificate of ownership in the Securities Co.?

Mr. SIMONSON. Yes.

Mr. WHIPPLE. Proportionate to their holdings in the National Bank stock?

Mr. SIMONSON. Yes.

Mr. WHIPPLE. Then the Securities Co. has comparatively recently taken up the business somewhat along these lines, as I understand: If a person has an industrial or other enterprise apparently of merit, and he desires to finance it, he can present his proposition to the Securities Co. for the sale of the bonds, with perhaps a bonus of preferred or common stock or something like that and your company underwrites it and then offers it to the public?

Mr. SIMONSON. Yes.

Mr. WHIPPLE. And the profit that it makes would be the difference between the amount at which it underwrites or purchases these securities of the different enterprises that it deals with, and the prices at which they are sold to the public?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. Whatever margin that might be?

Mr. SIMONSON. Yes.

Mr. WHIPPLE. And its activities are confined to that sort of business enterprise, except so far as it has acquired interest in foreign banking institutions?

Mr. SIMONSON. Well, I might say, Mr. Whipple, that we have not really financed any enterprise—I do not think the City Co. has financed any enterprise to any extent where we got very much of a bonus of stock. Our business is largely buying municipal bonds. We bought a large block of Philadelphia bonds a day or two ago; good railroad bonds. We buy from the railroad company and retail to the public. We are wholesalers and retailers in bonds.

Mr. WHIPPLE. Of securities of the character that the bank itself could not purchase and sell under the restrictions of the national-banking law?

Mr. SIMONSON. Oh, no; I would not say that, because there have been very few operations where we have gone into the stock business. The bank would have a perfect right to buy and distribute bonds to the public, but we prefer to have a separate organization.

Mr. WHIPPLE. And the Securities Co. is officered by practically the same officers as the National City Bank?

Mr. SIMONSON. No; we only have one officer in common. Mr. McRoberts is chairman of the boards in common.

Mr. WHIPPLE. But the management is practically the same?

Mr. SIMONSON. Of course; we give them the benefit of our judgment.

Mr. WHIPPLE. Because the stockholders are the same?

Mr. SIMONSON. We give it our best judgment.

Mr. WHIPPLE. And the officers of your Securities Co. are not those of the bank itself?

Mr. SIMONSON. No.

Mr. WHIPPLE. But they are in the same building?

Mr. SIMONSON. They are in the building.

Mr. WHIPPLE. And that Securities Co. may borrow of the National City Bank as any other customer may?

Mr. SIMONSON. Certainly.

Mr. WHIPPLE. Within the limitations permitted by the National Bank Act?

Mr. SIMONSON. It has never exceeded that.

The CHAIRMAN. There is just one question I wanted to ask. You would have the right—this Securities Co.—would have the right to purchase farm-loan bonds issued under the provisions of the farm-loan act which has just been passed by Congress?

Mr. SIMONSON. Yes. I do not understand the law of the State restricts us.

The CHAIRMAN. That is what I wanted to get at.

Mr. SIMONSON. Yes. We would buy them and resell them at retail. We will buy any good security. We have over 100 salesmen and 10 or 12 branch offices. The business is a retail business. We sell the bonds in 1, 2, 5, and 10 lots, trying to give the buyer as good judgment as we can.

The CHAIRMAN. Under the State law you think that this company would have the right to purchase those bonds?

Mr. SIMONSON. I have no doubt we have.

The CHAIRMAN. And how much under the law is this company authorized to borrow from the National City Bank?

Mr. SIMONSON. \$5,000,000.

The CHAIRMAN. \$5,000,000?

Mr. SIMONSON. Yes. Our capital and surplus are fifty millions.

Mr. FOSTER. In this City Holding Co. you accumulate a surplus and pay dividends the same as the parent bank?

Mr. SIMONSON. Yes; we pay dividends at the rate of 6 per cent on our capital of ten million.

Mr. FOSTER. It is limited to 6 per cent?

Mr. SIMONSON. No; there is no limit, but we are endeavoring to accumulate a surplus.

Mr. FOSTER. And the balance goes to the surplus?

Mr. SIMONSON. Yes.

Mr. POW. Did I understand you to say that the capital stock and surplus of the City Co. was fifty million?

Mr. SIMONSON. No; of the National City Bank. The capital and surplus of the National City Bank is fifty million.

Mr. POW. Oh, yes.

Mr. SIMONSON. The capital of the City Co. is ten million.

Mr. FOSTER. What is the surplus?

Mr. SIMONSON. I can not give those figures. I can not tell you, but it is over five million. I am not closely enough in touch to give you the exact figures. They are perfectly available if you want them.

Mr. FOSTER. A share of stock in the National City Bank represents not only its value in the capital and surplus of the National City Bank, but also the value of the City Holding Co. stock.

Mr. SIMONSON. Yes, sir.

Mr. FOSTER. Of capital and surplus?

Mr. SIMONSON. Yes, sir.

Mr. WHIPPLE. The City Securities Co.—that is the name of it?

Mr. SIMONSON. The National City Co.

Mr. PATTEN. I wanted to ask you about the increase of the interest rate in the middle of December. It was quoted as high as 15 per cent at one time—call money on the stock exchange.

Mr. SIMONSON. Well, if it did that was something—just a flurry, an hour or so, because I have a record here of the rate at which we loaned money.

Mr. PATTEN. For December?

Mr. SIMONSON. December 11th we loaned at $4\frac{1}{2}$; on the 12th we loaned at 6 per cent; on the 13th we loaned at 6 per cent; on the 14th we loaned at $4\frac{1}{2}$ per cent; on the 15th we loaned at $4\frac{1}{2}$ per cent; and we began on the 11th at $4\frac{1}{2}$ and on the 23d we wound up at $4\frac{1}{2}$.

Mr. PATTEN. But there were some loans made at a higher rate, as indicated there?

Mr. SIMONSON. Yes.

Mr. PATTEN. You always make your loans on the stock exchange at a low rate?

Mr. SIMONSON. We never loan above 6 per cent to anybody in this country.

Mr. PATTEN. What was the reason for this high rate of interest that prevailed on call loans at this time?

Mr. SIMONSON. The reserves of the clearing house banks were run down; currency was going out in various directions; loans were increasing, and as the reserves diminished the banks had no money.

Mr. PATTEN. There was a greater demand for money?

Mr. SIMONSON. There was a greater demand for money than the supply.

Mr. PATTEN. There was a legitimate demand for money which put money up.

Mr. SIMONSON. Yes, sir; but that adjusted itself apparently between the 11th and the 14th.

Mr. PATTEN. It adjusted itself?

Mr. SIMONSON. Yes.

Mr. PATTEN. But the comparison I was making is that the usual rate of call money was around 2 per cent?

Mr. SIMONSON. It is $2\frac{1}{2}$ now.

Mr. PATTEN. And this comparison is very high?

Mr. SIMONSON. Yes.

Mr. PATTEN. Of course, your bank does not loan over 6 per cent, but other banks do?

Mr. SIMONSON. Oh, yes; the market is there.

Mr. PATTEN. And that was simply the demand for money on account of that condition of the market.

Mr. SIMONSON. On account of the shrinkage in the bank reserves.

Mr. PATTEN. Was it not also from this fact? The tremendous long interest in the market demanded more money to carry the stocks. It has been testified here, for instance, by the large wire houses that they were borrowing at one time \$450,000,000 from the banks about the middle of December—15 houses—and that occasioned them considerable concern. That, it seems to me, would be a natural demand upon the banks for money.

Mr. SIMONSON. Well, I do not know. No, sir; they did not liquidate, I do not believe, to the extent of dropping call money from 15

or 16 down to 4½ per cent in three or four days, between the 12th and the 14th. I do not know when the stock market broke.

Mr. PATTEN. It would account, if there was a rate of 6 per cent, because you never loan money above 6 per cent—your institution is different from other institutions in that respect?

Mr. SIMONSON. But that stayed there for a very short time.

Mr. PATTEN. But apparently there was some clearing out of these large loan accounts? There must have been.

Mr. SIMONSON. Yes; some; but I do not think it was enough to make them break. I think it was just a flurry. I have seen these flurries in rising markets and I have seen them in falling markets.

Mr. PATTEN. Was it not a legitimate explanation of it that the stock exchange houses were long on a tremendous lot of stocks, that the demand for money was very great, which occasioned the increase in the rate?

Mr. SIMONSON. I do not know whether they were longer on the 12th than on the 14th.

Mr. PATTEN. The only reason that occurred to me is because of this meeting of the wire houses, in which they found out that they were borrowing \$450,000,000, which was on the 13th, that making a coincidence of days.

Mr. SIMONSON. That does make it interesting.

Mr. PATTEN. Yes.

Mr. SIMONSON. I think that might very well be so.

Mr. PATTEN. In regard to these foreign banks, are the stocks owned altogether by the City Co.?

Mr. SIMONSON. No. We own about 90 per cent of the International Banking Corporation.

Mr. PATTEN. The International Banking Corporation includes the stock of all of these?

Mr. SIMONSON. No. They purchased banks in China and Japan and India, and one in Panama and one at some place in South America, and a branch in London. That is a very old institution, which has been going about 15 years.

Mr. PATTEN. And the others are rather new?

Mr. SIMONSON. The Bank of Haiti is a very old branch bank. We bought that from the French people, and are just waiting until we can get all of the stock and we will merge that in as a branch of the City Bank. The Bank of Havana is going to be merged also as soon as we can get all of the stock.

Mr. PATTEN. Then, the bank would be solicitous of legislation which would permit them to take these things right into their own corporation?

Mr. SIMONSON. Yes; very much.

Mr. PATTEN. I merely ask this for information; and I have no right to ask it, I do not think. Is there connected with the City Bank a large trading export institution?

Mr. SIMONSON. Not exactly that form. We have the American International Corporation, half of which is owned by stockholders of the City Bank. They bought that, not with any dividends. That is not altogether a trading operation. It is a development corporation. They are building a water power in Peru. They are building or dredging a great canal in China. They have a railroad operation in Uruguay. We are going to try to do with that company

with its \$50,000,000 capital, what the capital of Great Britain and France and Germany has hitherto done in South America and in the Caribbean.

Mr. PATTEN. Do I understand that you entirely approve of the Federal Reserve act?

Mr. SIMONSON. Oh, yes.

Mr. BENNET. Mr. Vanderlip, as I understand, is not going to be a witness before this committee.

Mr. SIMONSON. At your discretion, I am taking his place, because I think I am a little more closely in touch with the details than he is.

Mr. BENNET. I asked Mr. Vanderlip to produce certain letters. Did he say anything to you about that?

Mr. SIMONSON. No.

Mr. WHIPPLE. I understand that Mr. Vanderlip is at the bank, or was to be to-day. Would you ask him with regard to the letters?

Mr. SIMONSON. I do not know anything about any letters.

Mr. BENNET. I wrote him a letter and asked him when he came as a witness to bring certain letters.

Mr. SIMONSON. I am sure he will be at your disposal.

Mr. HARRISON. Did you hear at the time of this meeting at the Metropolitan Club on the 13th of December that such a meeting was held?

Mr. SIMONSON. No, sir. I think that if any of us had information, it would have been talked over at one of our meetings. We have a meeting in the morning and one in the afternoon, and it would have been a matter of importance if anything had been known about it, for some one to have said something.

The CHAIRMAN. That is all, Mr. Simonson. You are excused.

Mr. SIMONSON. I thank you very much, gentlemen.

TESTIMONY OF MR. GEORGE CADORE.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, residence, and occupation.

Mr. CADORE. George Cadore, residence 215 Marion Street, Brooklyn, and my occupation is telegraph operator.

Mr. WHIPPLE. Are you the head telegraph operator for the firm of Raymond, Pynchon & Co.?

Mr. CADORE. Yes, sir.

Mr. WHIPPLE. You have come here at the request of the manager of the firm?

Mr. CADORE. I do not know at whose request it was. I was called in just a few moments ago.

Mr. WHIPPLE. This is in line with Mr. Chipperfield's examination and, therefore, I will ask him to take it up.

Mr. CHIPPERFIELD. Just a question or two. I understand that Mr. Bucknam, when he was on the stand, said that the telltale of Raymond, Pynchon & Co. was disconnected because it was out of order; is that the fact?

Mr. CADORE. Well——

Mr. CHIPPERFIELD (interposing). Yes or no to that question, please.

Mr. CADORE. It was not out of order.

Mr. CHIPPERFIELD. When was it disconnected?

Mr. CADORE. It was disconnected in the last week of November.

Mr. CHIPERFIELD. Why was it disconnected?

Mr. CADORE. Because there was no one who had time to take charge of it and adjust it, because the man who had that position before had left us in that week, and everybody else was too busy, and without some one to take charge of it and adjust it every few minutes it was absolutely useless.

Mr. CHIPERFIELD. As I understood from the conversation which I had with you a few moments ago, the principal adjustment was the inking of it?

Mr. CADORE. Inking is one very important thing.

Mr. CHIPERFIELD. And you had no man who had time to ink it?

Mr. CADORE. There was no one who was near it who had the time.

Mr. CHIPERFIELD. And I think you advanced as another reason, so that we may get at it directly without going around the bush, that you wanted to save paper?

Mr. CADORE. Well, because it was absolutely useless to us, and there was no reason——

Mr. CHIPERFIELD (interposing). As I understood it, you wanted to save paper?

Mr. CADORE. That was one reason; yes.

Mr. CHIPERFIELD. And it used how much paper a day?

Mr. CADORE. About 15 pounds of paper, I think.

Mr. CHIPERFIELD. And the paper cost about 15 cents a pound?

Mr. CADORE. I could not tell you that.

Mr. CHIPERFIELD. Is not that your understanding? Did not you and I agree upon an appraisement of something like 15 or 20 cents a pound?

Mr. CADORE. I thought that was approximately right.

Mr. CHIPERFIELD. And you wanted to save that paper?

Mr. CADORE. I did not see any reason for wasting it.

Mr. CHIPERFIELD. Precisely. You wanted to save it, and there was no man to ink the machine?

Mr. CADORE. Yes, sir.

Mr. CHIPERFIELD. And you disconnected it?

Mr. CADORE. Yes, sir.

Mr. CHIPERFIELD. And it was not out of order?

Mr. CADORE. No, sir.

Mr. HARRISON. Has the machine been in operation since?

Mr. CADORE. The machine was put in operation last week.

Mr. HARRISON. It is a very complicated instrument?

Mr. CADORE. Yes.

Mr. WHIPPLE. Here is another message which I will read into the record, with your approval:

We had no other information than Price telegram and whatever was sent to Raymond, Pyncheon & Co. or anyone else was along same language as sent Barrett. We will willingly look up anything further if you wish, but I assure you there is nothing beyond what you already have. Think all our wires finally got what Barrett had; but he had it first. Allen M. Clement.

We have asked him, nevertheless, to reproduce from the telltale the actual telegram sent to Raymond, Pyncheon & Co. and more than one if more were sent.

Mr. Bache was asked to furnish a list of the gentlemen who attended the Metropolitan dinner, and he has sent it up.

The CHAIRMAN. I suppose that had better be inserted in the record. (Said names follow:)

DINNER LIST.

Walter W. Price, E. & C. Randolph, 111 Broadway.
 G. R. Dyer, C. I. Hudson & Co., 36 Wall Street.
 Jules S. Bache, J. S. Bache & Co., 42 Broadway.
 James Lees Laidlaw, Laidlaw & Co., 25 Broadway.
 A. Turnbull, Post & Flagg, 38 Wall Street.
 Geo. A. Ellis, jr., E. F. Hutton & Co., 61 Broadway.
 Bayard Dominick, Dominick & Dominick, 115 Broadway.
 H. R. Winthrop, Harris, Winthrop & Co., 15 Wall Street.
 H. H. Childs, Clark, Childs & Co., 135 Broadway.
 Frank B. Keech, F. B. Keech & Co., 7 Wall Street.
 S. B. Chapin, S. B. Chapin & Co., 111 Broadway.
 Walter Lyon, Rensdorf, Lyon & Co., 33 New St.
 H. I. Foster, Paine, Webber & Co., 25 Broad Street.
 B. L. Taylor, jr., Logan & Bryan, 113 Broadway.
 J. H. Wainwright, Hornblower & Weeks, 42 Broadway.
 J. W. Prentiss, Hornblower & Weeks, 42 Broadway.

Mr. CAMPBELL. Mr. Ellis was asked yesterday about the payment by his company for the Connolly seat. Mr. Ellis, have you the transaction by which the Connolly seat on the New York Stock Exchange was paid for?

Mr. ELLIS. Yes. On October 14 there was a check given to us for \$65,000 for Connolly; that check was made payable to F. A. Connolly, and was offered to the New York Stock Exchange in payment for the seat. The request was made that the check be certified, but as it was on a Washington bank it could not very readily be done; so Connolly gave the check to us and we gave him our exchange check for \$65,000, the same amount, made payable to George W. Ely, secretary of the New York Stock Exchange, in payment for F. A. Connolly's seat. Our check, as of that date, shows the receipt of a check for \$65,000 for Connolly and the payment to the secretary of the stock exchange for a like amount.

Mr. CAMPBELL. Just give the number of the check to the stock exchange.

Mr. ELLIS. Check No. 32206, on the American Exchange National Bank.

Mr. CAMPBELL. Drawn by Hutton & Co.?

Mr. ELLIS. Drawn by Hutton & Co.

Mr. CAMPBELL. In favor of the secretary of the New York Stock Exchange?

Mr. ELLIS. Yes, sir.

Mr. CAMPBELL. To pay for F. A. Connolly's seat on the exchange?

Mr. ELLIS. Yes, sir. And on the other side a receipt by Hutton of a check for \$65,000 from the Commercial National Bank—a cashier's check.

Mr. CAMPBELL. Are you sure that was a check from F. A. Connolly & Co. to Hutton & Co.?

Mr. ELLIS. It was a Commercial National Bank check made payable to F. A. Connolly and indorsed by F. A. Connolly to E. F. Hutton & Co., and the reason was that the Stock Exchange would not accept the Commercial National Bank check for the reason that it had not been certified.

Mr. CAMPBELL. The evidence in Washington tended to show that there was one check by Bolling for \$10,000 sent to New York, his

individual check on his account, and another cashier's check for \$20,000.

Mr. CANTRILL. No; that was for Bolling's interest in the firm.

Mr. CAMPBELL. But was it not stated that that was sent to New York?

Mr. FOSTER. I do not think so.

Mr. ELLIS. When I was called to testify in Washington I understood that it was my privilege to address the committee, and in view of the testimony yesterday I would like to file a letter, and the answer to the letter, sent to Mr. Frost, Mr. Barrett's uncle in Memphis. This letter was written by Mr. Hutton, and it explains to his uncle Mr. Barrett's condition as of that date.

Mr. HARRISON. What date?

Mr. ELLIS. As of January 30. I would like to have that placed before the committee in corroboration of the testimony I have given.

The CHAIRMAN. I do not see any objection to your reading the letter to the committee if you would like to.

Mr. ELLIS (reading):

JANUARY 30, 1917.

MY DEAR MR. FROST: As you know, Hosmer has been very ill and no one has been permitted to see him up to a few days ago. Yesterday Mr. Clark called in to see him and telephoned me from the Stock Exchange that Hosmer was contemplating leaving for Memphis to-night.

I called up his physician, J. Bayard Clark, and asked him what this meant, as I could not understand his doing a thing of that kind. He told me he had advised Hosmer if he took this trip it was at his own risk and that he would not be responsible for any conditions resulting after the trip.

I immediately went to see Hosmer last night and he told me of your sister's death, and also of the illness of your brother, and that he felt he should go down. They were going to carry him from his apartment, put him on the train and carry him off the train to your house in Memphis.

As you know, he has had a very acute attack of a rheumatic condition, accompanied with a high fever, which left him very weak, and has affected the valve of his heart. The doctors have advised me if he will take care of himself and give himself proper rest from now on, he ought to outgrow this condition in a very short time, but, at the present time, if he takes any unnecessary exercise or if he exerts himself in any way or becomes excited or nervous, he is likely to have a reaction which will leave him with a weak heart, for which they will not be responsible.

Now, I am quite sure, knowing these conditions, you would not want Hosmer to take this trip, for anything may happen en route which would give him a bad turn and affect his heart permanently. I feel that inasmuch as Hosmer has no one here to advise him I should take upon myself the responsibility of keeping him here as long as necessary. After having a frank talk with him he realized the danger and also realized that you would not want him to take this trip, knowing the conditions as set forth; and I make haste to advise you accordingly.

I wish you would write Hosmer a letter and tell him by all means not to attempt to come until he has fully recovered. The best he could do if he took the trip under these conditions, would be perhaps to sit up an hour a day in a chair. The rest of the time he would have to spend in bed. Now, think of the risk involved in taking a trip of this kind in his condition.

However, he has promised me he will not go until I give him permission, and with your permission I will postpone the trip until I believe he is physically fit and able to take it, and I sincerely trust I have your cooperation in this respect.

There is nothing to be alarmed about, but there would be a great deal, and a big risk, if he were to take the trip at the present time. If you will write me, letting me know how you feel about this thing, I will see that your wishes are carried out.

Very sincerely, yours.

Under date of Februray 3 we have Mr. Frost's reply to Mr. Hutton:

FEBRUARY 3, 1917.

MY DEAR MR. HUTTON: Your kind letter of January 30 came to hand last evening and we all feel very grateful to you for your kindness to my dear nephew. None of

the family wish to have Hosmer come home until he is perfectly well to come home for a short visit; his auntie will not be buried until he comes, as her remains is in the vault. You have my full consent to advise him to do what is best for his complete recovery if it takes 30 days. Again thanking you for your great kindness to Hosmer, I am,

Faithfully, yours,

JOHN T. FROST.

E. F. HUTTON,
New York, N. Y.

In addition to that, yesterday there was some surprise here as a result of Mr. Hutton's having gone away, which I tried to explain; but from the inferences given out by the newspapers it appears that he went away as a matter of convenience. I stated that he had arranged for chartering a house-boat some time previously to the meeting of this committee, and in looking over the record I find a charter dated January 15; later, a letter of February 6 from Stanley M. Seaman, yacht broker, as follows:

FEBRUARY 6, 1917.

Mr. E. F. HUTTON,
61 Broadway, City.

DEAR SIR: In accordance with our telephone conversation of to-day we have notified Mr. Sayles that owing to prevalent conditions you might not be able to go aboard *Nahmeoka* before the 14th or 15th of February, and on that account would like to have the privilege of continuing the charter four or five days long after April 10 without any extra charge to you. We do not think there will be any trouble arranging this and will advise you definitely to-morrow, when we expect to hear from Mr. Sayles.

Will you kindly send check for \$2,000, drawn to the order of Walter E. Flanders to this office, so as to reach here by February 10, and we in turn will forward it to Mr. Flanders immediately.

Thanking you for this favor,
Very truly, yours,

STANLEY M. SEAMAN.

Mr. Hutton, as you know, has testified. I was sent for to come on and testify in Washington, and he postponed his trip for a week, gave up his accommodations, and certainly had not any idea that the committee wanted him to be in New York or he would not have left New York City. I think this record is important in view of the fact that there has been some question about his not being here.

The CHAIRMAN. You are excused for the present, Mr. Ellis.

Mr. WHIPPLE. I understood that the correspondence read referred only to Mr. Barrett's condition along about the 1st of February.

Mr. CAMPBELL. Yes.

Mr. WHIPPLE. None of it refers to his condition now or within the last 10 days, as I take it. Is that right, Mr. Ellis?

Mr. ELLIS. Yes. I have not seen Mr. Barrett.

Mr. WHIPPLE. These letters show what his condition was the 1st of the month. I will ask Mr. Ellis if anyone has attempted to communicate with Mr. Barrett and find what his condition was since that time?

Mr. ELLIS. No, sir.

The CHAIRMAN. Anything further?

Mr. WHIPPLE. I will call Mr. Harriman.

TESTIMONY OF MR. OLIVER HARRIMAN.

(The witness was sworn by the chairman.)

Mr. WHIPPLE. State your full name, residence, and occupation.

Mr. HARRIMAN. Oliver Harriman, member of the firm of Harriman & Co., 111 Broadway.

Mr. WHIPPLE. You are a stock-exchange house doing business in New York City?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. You have been engaged in business for a great many years here?

Mr. HARRIMAN. Yes; I have been for a long time.

Mr. WHIPPLE. A somewhat old established firm?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. Will you state, Mr. Harriman, the general character of the business that your house did last year; I mean especially as to whether it was what is known as a leased-wire house?

Mr. HARRIMAN. We have several wires; we have several branch offices.

Mr. WHIPPLE. Have you many what are called correspondents?

Mr. HARRIMAN. We have one correspondent in Cleveland.

Mr. WHIPPLE. And the rest are branch houses?

Mr. HARRIMAN. Yes; the rest are branch houses.

Mr. WHIPPLE. Where do you have branches?

Mr. HARRIMAN. We have one at Atlantic City, one at Washington, one at Detroit, and we have got an uptown office in the Biltmore.

Mr. WHIPPLE. Yes. Last autumn did you have any means of acquainting yourself promptly here in New York with happenings in Washington which might affect the stock market?

Mr. HARRIMAN. No, sir.

Mr. WHIPPLE. Did you have anyone or did your manager there have any arrangement with anyone to give him information as to what was there happening?

Mr. HARRIMAN. No, sir.

Mr. WHIPPLE. You are connected with your branch office by what is called a private wire?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. Take it as of the week of December 18, how would your long accounts, if I may thus term it, compare with the short accounts covering the records of all your customers in the aggregate?

Mr. HARRIMAN. These dates that I give are the ledger dates but not the dates of the transactions. That would be the day before.

Mr. WHIPPLE. Yes.

Mr. HARRIMAN. On December 18, 208,000 shares long and 82,000 shares short. Shall I go on?

Mr. WHIPPLE. If you please.

Mr. HARRIMAN. On the 19th—that is really the 18th, you know.

Mr. WHIPPLE. Yes.

Mr. HARRIMAN. Two hundred and seven thousand long and 79,000 short. On the 20th, 206,000 long and 80,100 short. On the 21st, 183,000 shares long and 22,200 short. On the 22d, 199,300 long and 4,700 short. That is practically the transaction of the day before, always, you know.

Mr. WHIPPLE. Yes. That would mean that on the last day there had been a very substantial covering of short transactions.

Mr. HARRIMAN. Yes. It would mean on the 20th and 21st?

Mr. WHIPPLE. Yes.

Mr. HARRIMAN. That most all of those stocks were covered?

Mr. WHIPPLE. They were covered.

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. During that period did you have certain large customers or customers who operated quite largely in the market?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. What was the largest amount? I am not asking you for the name, but how large was the largest short account?

Mr. HARRIMAN. I should say about 80,000 shares.

Mr. WHIPPLE. Was that practically all carried for one customer?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. A large speculator on the short side?

Mr. HARRIMAN. It happened to be at that time; yes.

Mr. WHIPPLE. Would you object to giving his name?

Mr. HARRIMAN. I would prefer not to for publication. I would give it to you.

Mr. WHIPPLE. Very well. I think that is just as satisfactory to the committee, if you would write it and hand it to the committee.

The CHAIRMAN. When was that? What time was it?

Mr. HARRIMAN. The period that we speak of.

Mr. WHIPPLE. He began on the 18th, apparently covering about 80,000 shares short, and covered them in on the 20th and 21st, or mostly on the 20th?

Mr. HARRIMAN. Mostly on the 20th, but I would like to say that most of the short account was made a long time ago.

Mr. WHIPPLE. It had been carried as a short account ever since——

Mr. HARRIMAN (interposing). Ever since the first part of November. That is, off and on.

Mr. WHIPPLE. Yes; I think it is in order to observe that and let it go in the record. That is, that this short account had been carried off and on for quite a while since about the first of November. Was I right in that?

The CHAIRMAN. Yes.

Mr. WHIPPLE. In behalf of the committee we have asked that gentleman, who is also in the South, if he would not make some disclosures with regard to his accounts, but he has thus far ignored our request, being, according to newspaper accounts, otherwise engaged.

The CHAIRMAN. I did not catch that, Mr. Whipple.

Mr. WHIPPLE. I said that we had requested the gentleman who is there referred to to give the committee information with regard to his account.

The CHAIRMAN. Oh, yes.

Mr. WHIPPLE. But the request either had not reached him or has been ignored, and I said rather sportively, perhaps, that according to the newspapers he was otherwise engaged at the particular time.

Mr. BENNET. When did he cover his shorts?

Mr. WHIPPLE. Could you say at what time of day he covered his shorts?

Mr. HARRIMAN. It was mostly before lunch.

Mr. WHIPPLE. On the 20th?

Mr. HARRIMAN. On the 20th; yes, sir.

Mr. WHIPPLE. You are sure that is not the 21st?

Mr. HARRIMAN. I am sure it is the 20th.

Mr. WHIPPLE. That is the actual transaction?

Mr. HARRIMAN. Yes, it would show on the books the next day.

Mr. WHIPPLE. And on the next day he had practically covered everything?

Mr. HARRIMAN. Yes, practically covered everything the next day.

Mr. WHIPPLE. Could you state roughly from your accounts how much that transaction on the short side netted by way of profit?

Mr. HARRIMAN. No, sir; I would not be able to do that. I have not figured it up.

Mr. WHIPPLE. Could it be done without disproportionate trouble?

Mr. HARRIMAN. I would be very pleased to do it for you, sir.

Mr. WHIPPLE. Would the committee like that?

The CHAIRMAN. Yes. We would like to have it if you could give an approximate estimate of it now.

Mr. HARRIMAN. I do not think I could.

Mr. WHIPPLE. Do you know whether, from conversation with that operator—whether he had other accounts of the same kind?

Mr. HARRIMAN. None that I know of.

Mr. WHIPPLE. On the short side?

Mr. HARRIMAN. None that I know of.

Mr. WHIPPLE. Other than his account, your transactions were almost all on the long side? That is, I mean your transactions for your customers?

Mr. HARRIMAN. Almost all.

Mr. WHIPPLE. May I ask if you loaned your customers' long stock to this operator to make good his deliveries on the short side?

Mr. HARRIMAN. I think some of the stocks may have been loaned, but the majority were borrowed stock.

Mr. WHIPPLE. Borrowed from other houses?

Mr. HARRIMAN. From other houses; yes, sir.

Mr. WHIPPLE. To make good deliveries for him?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. Did any member of your own firm carry an account during this period?

Mr. HARRIMAN. No, sir.

Mr. WHIPPLE. Or the firm itself?

Mr. HARRIMAN. No, sir.

Mr. WHIPPLE. Did you happen to know by information of any other large operator who was buying or selling in the market that week other than Mr. Baruch who has testified, and the gentleman to whom you have just referred?

Mr. HARRIMAN. Did I have any information from him?

Mr. WHIPPLE. Yes, did you have any information?

Mr. HARRIMAN. No, I had no conversation—I had no information.

Mr. WHIPPLE. It was said in Washington by your representative there that the names of the customers included at least one Member of Congress, and he said that the committee could secure here the names of the Washington customers.

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. Have you that list?

Mr. HARRIMAN. There is only one name, and I have got that, which I will give to you.

Mr. WHIPPLE. Yes.

Mr. HARRIMAN. But it is so small an account that I do not think it would have any influence. It is an odd-lot account.

Mr. WHIPPLE. I think possibly it would impress the committee in that way. Was it a speculative account?

Mr. HARRIMAN. I think it was opened around the 19th or 20th.

Mr. WHIPPLE. On the short side?

Mr. HARRIMAN. It was opened on the 21st on the long side.

Mr. WHIPPLE. On the long side?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. It does not occur to me that it would be a transaction that would interest the committee at all. And on the long side, that means merely that a Congressman gave an order to your house in Washington on the 21st to make a purchase of a certain number of shares of stock which you say is a small amount?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. Which he partly paid for?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. That is, he bought on margin?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. And whether it has been paid for since, you do not know?

Mr. HARRIMAN. I do not know.

Mr. WHIPPLE. You do not know?

Mr. HARRIMAN. No, sir.

The CHAIRMAN. Could you give us the size of the transaction? We do not care for the name.

Mr. HARRIMAN. I think it was 50 shares of steel.

Mr. WHIPPLE. That is, he bought it on the break in the market?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. Whether it was for investment or not you do not know?

Mr. HARRIMAN. No, sir.

Mr. WHIPPLE. I mean whether it was carried for some time afterwards.

Mr. HARRIMAN. No, sir.

The CHAIRMAN. I do not care for the name, but it would be a shining example if that is the way he handled it.

Mr. WHIPPLE. And you are sure there is no other Congressman or person in official life on your list?

Mr. HARRIMAN. I have been so informed.

Mr. WHIPPLE. Have you submitted your list of customers under the conditions stated in the request of the committee to the stock exchange?

Mr. HARRIMAN. They are getting it ready and it is almost ready.

Mr. WHIPPLE. And that is to be submitted?

Mr. HARRIMAN. That is to be submitted.

Mr. WHIPPLE. With the understanding that the names of all the customers will be reviewed——

Mr. HARRIMAN (interposing). That is right.

Mr. WHIPPLE (continuing). And treated in entire confidence and seen only by the members of the committee and their counsel?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. That is all. There may be some questions on the part of the gentlemen of the committee.

The CHAIRMAN. Mr. Harriman, would you write that name on a sheet of paper for the committee, just for the committee?

Mr. HARRIMAN. Yes, sir. I have no objection at all. I had almost forgotten it.

(Mr. Harriman wrote on a piece of paper which was handed to the committee and afterwards returned to him.)

The CHAIRMAN. Just keep that, Mr. Harriman, or destroy it.

Mr. BENNET. I would like to ask one question. Mr. Harriman, did I understand you to say that this particular operator whose name you wrote on this piece of paper for the committee had been short 80,000 shares of stock for some considerable time prior to the 20th of December?

Mr. HARRIMAN. Yes, sir; different amounts, but that was the highest.

Mr. BENNET. Mr. Cantrill wanted me to make it clear that that was not the Congressman. That was not the Congressman's name that you wrote on that piece of paper.

Mr. HARRIMAN. Oh, no, sir.

Mr. BENNET. As I understand it, he would be short a considerable amount and then cover and then go short again?

Mr. HARRIMAN. Yes, sir.

Mr. BENNET. It was not a continuous holding of 80,000 shares on the short side?

Mr. HARRIMAN. No. He would cover it at times, and then sell again.

Mr. BENNET. But his average short interest during the month of December was around 80,000 shares?

Mr. HARRIMAN. I should think it would average less. That was the biggest amount, but it would average less than that.

Mr. BENNET. Oh, yes. That was the maximum.

Mr. HARRIMAN. Yes; the maximum.

Mr. BENNET. And he took advantage of what seemed to him to be a falling market on the 20th to cover his outstanding short interest?

Mr. HARRIMAN. That is right.

Mr. BENNET. And he covered it all on the 20th?

Mr. HARRIMAN. He covered most all of it on the 20th and the rest of it on the next day.

Mr. BENNET. Partly on the 20th and partly on the 21st?

Mr. HARRIMAN. Nearly all of it was on the 20th.

Mr. BENNET. You are going to give us the exact figures, showing how much he covered on the 20th and how much he covered on the 21st?

Mr. HARRIMAN. I have it here. He covered on the 20th, 56,900 shares and on the 21st 17,300 shares.

Mr. BENNET. Did you state what particular stock he was short in, or was it several stocks?

Mr. HARRIMAN. A great many stocks. It must have been 15 or 20.

Mr. BENNET. So he might be described as a man who was generally short in the market?

Mr. HARRIMAN. Yes, sir.

Mr. BENNET. And to an extent, assuming that these stocks were at par, and I assume they were higher, he had gone something over \$8,000,000 short on the market?

Mr. HARRIMAN. Looking at in that way; yes. I think the real amount was about \$7,000,000.

Mr. BENNET. \$7,000,000?

Mr. HARRIMAN. Yes, sir.

Mr. BENNET. I think you stated in answer to an inquiry from Mr. Whipple that you are going to give us the net amount of his gains?

Mr. HARRIMAN. Yes, sir.

Mr. BENNET. Now, will that be confined to the net amount of his gains by his closing of 74,200 shares of stock on the 20th and 21st, or would that cover a larger amount?

Mr. HARRIMAN. Yes. Do you not think I ought to ask him about it first?

Mr. BENNET. As to how much he gained?

Mr. HARRIMAN. Yes, sir.

Mr. BENNET. Well, you know, do you not?

Mr. HARRIMAN. Well, I will give you the figures.

Mr. BENNET. That is all.

Mr. WHIPPLE. I have forgotten to ask Mr. Harriman a question and some member of the committee might ask Mr. Harriman if some telegrams or messages came in to his firm, or were sent out on the 20th in relation to this peace note, so that he may give them to the committee?

Mr. BENNET. I will ask that question.

Mr. HARRIMAN. There is only one telegram that I got from the office in Washington addressed to the firm, which was from Mr. Chipman, and I have it here.

Mr. WHIPPLE. And did you send one out?

Mr. HARRIMAN. We sent out no communications that day at all.

Mr. WHIPPLE. But did one of your customers do that?

Mr. HARRIMAN. One of our customers did it.

Mr. WHIPPLE. Shall I proceed? Exhibit 2, Chipman, is already in the record. Is that a message sent by one of your customers to your Washington house?

Mr. HARRIMAN. I have never seen it before, but I think—I have been told about it.

Mr. WHIPPLE. That was given to us by Mr. Chipman, in Washington?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. That is undoubtedly it.

Mr. HARRIMAN. I have not seen it in the office but that is undoubtedly it.

Mr. WHIPPLE. There seem to be two messages on there?

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. Or is that a reply? Perhaps you have the reply?

Mr. HARRIMAN. This is the reply to this answer.

Mr. WHIPPLE. The reply to the question, rather?

Mr. HARRIMAN. Just a minute. I have not seen this before.

Mr. WHIPPLE. Yes, just look at it and familiarize yourself with it.

Mr. HARRIMAN. That is it. This is the first one sent by this party and then the answer came back from Mr. Chipman that he did not

know anything and asking this party what he knew, and that was his answer.

Mr. WHIPPLE. Now, can you tell from this what time it was sent? Is it 1.12?

Mr. HARRIMAN. Yes, sir. That is the hour.

Mr. WHIPPLE. Mr. Chairman and gentlemen, may I call your attention to this telegram, Exhibit Chipman 2, which was on December 20, and apparently sent at 1.12 over the private wire to Mr. Harriman's branch house?

Mr. HARRIMAN. Yes, that is it.

Mr. WHIPPLE. It reads as follows:

Have you heard anything about the Government to issue this afternoon a statement regarding the economic condition of Europe? J. L. L. 1.12.

Had you at that time heard anything in your office about the subject matter there referred to, a statement regarding the economic condition in Europe?

Mr. HARRIMAN. I had not.

Mr. WHIPPLE. Or the Government issuing it?

Mr. HARRIMAN. I had not.

Mr. WHIPPLE. This was sent without your knowledge?

Mr. HARRIMAN. Without my knowledge, absolutely.

Mr. WHIPPLE. Do you know how the gentleman who signed that telegram heard of any such thing?

Mr. HARRIMAN. No, sir; I do not, except that he went out to lunch, that is all, and came back.

Mr. WHIPPLE. I see. He was in your office and went out to lunch, and when he came back he sent this telegram?

Mr. HARRIMAN. I understand so.

Mr. WHIPPLE. Do you know whether he had any account with the Hutton office?

Mr. HARRIMAN. I do not know positively. I do not think he did, sir.

Mr. WHIPPLE. Or with Raymond, Pyncheon & Co.?

Mr. HARRIMAN. Not to my knowledge.

Mr. WHIPPLE. Have you a telegram that came in reply to the one I have just read?

Mr. HARRIMAN. No, sir; I have not.

Mr. WHIPPLE. Do you remember what it was or have you information as to what it was?

Mr. HARRIMAN. No, sir. It did not come to us. It came direct to the customer.

Mr. WHIPPLE. Then it appears that something was sent back saying that they had no such information, but asking if he did, and then this was sent:

Yes. Understand Government to issue statement regarding economic conditions Europe; also regarding prospects for peace. This comes from Chicago sources. J. L. L. 120.

Did you hear how your customer got that information?

Mr. HARRIMAN. No, sir; I have not the least idea.

Mr. WHIPPLE. Have you any connection in Chicago?

Mr. HARRIMAN. No, sir.

Mr. WHIPPLE. It has already appeared before the committee that two Chicago houses received a message in the morning from Mr. Price,

a newspaperman in Washington, but you are unable yourself to help the committee to find out from which one of those Chicago houses, if either, your customers or one of your customers, got that information?

Mr. HARRIMAN. I am, sir. I am sorry that I can not.

Mr. WHIPPLE. I had overlooked that.

The CHAIRMAN. That is all, Mr. Whipple?

Mr. WHIPPLE. Yes, sir.

Mr. POU. I would like to ask you just one question: Mr. Harriman, you said, of the seventy-odd thousand shares being closed out on the 20th—was it the 20th or the 21st?

Mr. HARRIMAN. The 20th.

Mr. POU. How had those shares been sold short? Was the party that was short in the market selling them constantly up to the 20th? I will ask you, when was the last short sale that was made?

Mr. HARRIMAN. I will give you the days, if you want them.

Mr. POU. Yes; that is what I want.

Mr. HARRIMAN. November 6, November 12, November 10, November 8, 9, 13, 15, 16, 21, 22, 29, 21 again, 23, 24, 27, December 4, and December 8. Now, I have got another down here, November 27, 2,000 shares.

Mr. POU. They were the dates upon which these short sales were made?

Mr. HARRIMAN. Yes, sir.

Mr. POU. And practically all of it was closed out on the 20th?

Mr. HARRIMAN. Practically all; yes.

Mr. POU. How much of that account was United States Steel, if any?

Mr. HARRIMAN. Shorts, you mean, sir?

Mr. POU. Yes.

Mr. HARRIMAN. Five thousand shares here; but I suppose it was changed at different times.

Mr. POU. Can you tell us how much United States Steel was closed out on the 20th?

Mr. HARRIMAN. Yes, sir.

Mr. POU. How much was that?

Mr. HARRIMAN. Five thousand—the same amount.

Mr. POU. That is all I care to ask.

The CHAIRMAN. Any other questions, gentlemen?

Mr. FOSTER. I wanted to ask a question. Was the bulk of the closing out made on the 20th or the 21st?

Mr. HARRIMAN. The 20th—most of it.

Mr. FOSTER. The 20th?

Mr. HARRIMAN. Yes. It appears on the books on the 21st. You see, the stocks are not delivered until the next day.

Mr. FOSTER. The greater profit was made on the 21st in closing out—the greater profit would have been made for him if he had done that?

Mr. HARRIMAN. If he had waited for a few days.

Mr. FOSTER. I say, if he had waited until the next day, he would have made more profit?

Mr. HARRIMAN. Yes.

Mr. FOSTER. So that if he had had this advance information, would he have likely sold that day or the next day?

Mr. HARRIMAN. He would have been more likely to have remained short and not bought stocks, and he would have made more profit.

Mr. FOSTER. Yes; that would have been the natural thing for him to have done.

Mr. HARRIMAN. Yes.

Mr. BENNET. Does your telegraph instrument have a telltale?

Mr. HARRIMAN. No, sir. We have not got any. I did not know that there was such a thing until I heard about it to-day.

Mr. BENNET. I did not either. I gather from your testimony that these two messages that came from Chipman in Washington were not preserved in your office?

Mr. HARRIMAN. That one happened to go to the customer. You see, it was not an office telegram. It was not to the firm. It went to an individual, and therefore we have not got it.

Mr. BENNET. I see. Two of them came in, did they not?

Mr. HARRIMAN. It was sent by an individual to the office and answered back to him individually.

Mr. BENNET. And therefore when it came into the office your telegraph operator——

Mr. HARRIMAN (interposing). Simply handed it to him and he destroyed it.

Mr. BENNET. And that is the reason you have not got it?

Mr. HARRIMAN. Yes, sir. But I have a file, if you want it. The only telegram we have was received at 4.15.

Mr. BENNET. Would you mind reading it into the record?

Mr. HARRIMAN. No.

The information here is that the President will issue a statement to-morrow regarding the rights of neutrals. Can not get anything definite, but it is thought the statement will be out in the morning papers.

That is signed "C."

Mr. BENNET. Chipman?

Mr. HARRIMAN. Meaning Chipman, and the telegram is timed at 4.15 p. m. of the 20th.

Mr. BENNET. That was an hour and fifteen minutes after the market had closed?

Mr. HARRIMAN. Yes, sir.

Mr. BENNET. So that it was of no value to your customers at all?

Mr. HARRIMAN. It was not used.

Mr. BENNET. And that was the only telegram you got that day from the Washington office with regard to this matter?

Mr. HARRIMAN. Yes, sir.

Mr. BENNET. And that message was preserved?

Mr. HARRIMAN. Yes.

Mr. BENNET. And is it your custom to preserve messages to the firm?

Mr. HARRIMAN. As a rule, yes.

Mr. BENNET. And you make the clear distinction, which seems to be very reasonable, that the other two messages, being directed to a particular customer, were, when they were received, handed over to him?

Mr. HARRIMAN. Yes, sir; that is right.

Mr. FOSTER. May I ask a question? I do not think Mr. Whipple did. Do you have any other source of information than the correspondents you have in Washington?

Mr. HARRIMAN. Absolutely none, sir.

The CHAIRMAN. Mr. Harriman, I understood you to say that the name you gave was the only one you have on your books of a public official?

Mr. HARRIMAN. Yes.

The CHAIRMAN. And also that you have not the name of the secretaries of any Senators or Representatives carrying any account for those Senators or Representatives or any public officials in Washington?

Mr. HARRIMAN. I was so informed this morning by the manager.

The CHAIRMAN. I wanted to get that clearly in my mind.

Mr. HARRIMAN. That was the only name.

The CHAIRMAN. And you read Mr. Chipman's testimony in the newspapers, I presume, and probably in the record?

Mr. HARRIMAN. Yes, sir; I read it.

The CHAIRMAN. And, in so far as his testimony is concerned, what you have stated here, perhaps only to that extent, is the one name which you have handed to the committee?

Mr. HARRIMAN. He reported that this morning.

The CHAIRMAN. Chipman did? Chipman is in Washington.

Mr. HARRIMAN. I mean, he reported to us that that was the only one.

The CHAIRMAN. That is all.

Mr. HARRISON. Mr. Chipman said the books were up here and we would have to deal with the books here.

Mr. HARRIMAN. He has his own books.

Mr. HARRISON. Have you a list of the customers of Chipman & Co., so far as Washington is concerned?

Mr. HARRIMAN. No, sir; I have not.

Mr. HARRISON. But they were prepared?

Mr. HARRIMAN. They are getting them up.

Mr. HARRISON. They are not prepared yet?

Mr. HARRIMAN. No, sir.

Mr. HARRISON. Are they being prepared separately—the Washington office from this here?

Mr. HARRIMAN. Yes, sir.

The CHAIRMAN. That is all.

Mr. WHIPPLE. Mr. Lipper has sent in some information which was requested of him; that is, as to his account with Mittendorf, Williams & Co.

Mr. HARRIMAN. I would like to say, that that one big party you are speaking of would be very willing to testify and tell everything he can to help the committee.

Mr. WHIPPLE. Is he in town?

Mr. HARRIMAN. No, sir; he is in Palm Beach. He had received a note from you, Mr. Whipple, but was holding himself at your disposal and did not hear anything further and went to Washington, as you recall, and had made prior engagements, but he is perfectly willing to testify to anything that is necessary, and wanted us to give you to understand that he is at your disposal.

Mr. WHIPPLE. I did not understand that he had shown in any way any intention to evade—this large customer who sold the market short has held himself available to be called by the committee, and says that he has nothing to conceal about it, and while he has gone South now, not knowing just when the hearings would be resumed, I understand that he is willing to come back.

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE (continuing). If we want to examine him in Washington.

The CHAIRMAN. It seems this information came from Chicago, according to what we have, and the committee would hardly care to go into that, as the Chair sees it.

Mr. HARRISON. Let us consult about that in executive session.

Mr. WHIPPLE. I would suggest that you might send a telegram to him. Will you do that? Will you send a telegram and ask who his Chicago informant was?

Mr. BENNET. That would be a good idea.

Mr. WHIPPLE. That is, as to how he got word from Chicago and who his Chicago informant is.

Mr. HARRIMAN. Yes, sir.

Mr. WHIPPLE. As to how he got his Chicago information referred to in that telegram.

Mr. HARRIMAN. Yes.

Mr. WHIPPLE. That is, if he got it from some house in New York, that would be very helpful. We want to trace it up and see whether that comes from Price or whether it opens up some other source of advance information.

Mr. HARRIMAN. Yes, sir; I understand.

Mr. WHIPPLE. If you will take the trouble to do that, it might save him the trouble of coming back.

Mr. HARRIMAN. Yes, sir; I will be very glad to do that. The dates of the transactions will show just how innocent he was of guile in that respect.

Mr. WHIPPLE. Yes; he evidently did not take much stock in waiting until the next day to cover his short sales.

The CHAIRMAN. He was making a desperate effort to find the leak, though.

Mr. WHIPPLE. He did not succeed as well as the committee has succeeded, because he did not have so much time.

The CHAIRMAN. No.

Mr. WHIPPLE. This is the account of Mittendorf, Williams & Co. I take it that the committee can determine later whether they desire that this shall be made a part of the record or merely a document for the use of the committee.

Mr. CAMPBELL. This is only for December.

Mr. WHIPPLE. There are one or two men who have come in from brokers who have been summoned in New York. There are other brokers here in New York under summons or who have signified their willingness to come in at any time and testify. We have spent considerable time looking over the statements which they have sent in to the clearing house of the stock exchange. Not that all of them are in, but, so far as we know, every broker intends to send in a full statement in reply to the questions which have been put by the committee. To me personally it has seemed that it would not be profit-

able to have the committee spend further time in taking the oral evidence of brokers who are under summons, especially in view of the somewhat urgent duties which now demand your presence in Washington—demand or require or make your presence expedient at all events. If the committee desire we can continue the further examination of these accounts that come in and the statements that come in from the brokers, supplemented by personal interviews with the different gentlemen in the city who represent the firms that carried large accounts. We can thus, I think, secure the information quite as fully, expeditiously, and satisfactorily as the full committee if it had prolonged hearings here in the city.

I make that statement in order that the committee may determine, on the basis of it, whether they care to make further oral examination of brokers in New York at this time. Of course, if anything should develop further in the examination of the accounts, as to which specific information was desired, that could be reached either by having a hearing before a subcommittee or, in an urgent case, having the witnesses come to Washington.

Mr. BENNET. Mr. Chairman, I move that there be no further examination of members of brokerage firms at this time.

(The motion was seconded, put, and carried.)

The CHAIRMAN. The committee will stand adjourned, so far as public hearings are concerned, for the present, and I presume we will want an executive session.

(Thereupon, at 1.20 p. m., the committee went into executive session.)

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 19, 1917

PART 24

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, D. C., Monday, February 19, 1917.

The committee met at 11 o'clock a. m., Hon. Robert L. Henry (chairman) presiding.

Mr. WHIPPLE. Mr. Chairman and gentlemen, Mr. Oliver Harriman, who was to ascertain from Mr. Livermore, from whom he received the information referred to as "from Chicago sources," states that Mr. Livermore saw, in the office of Finley Barrell & Co., in New York, a telegram from Finley Barrell & Co., in Chicago, which appears in the communication of Block, Maloney & Co. (successors to Finley Barrell & Co.), which follows in the record.

Mr. Harriman also states, as requested by the committee, that Mr. Livermore's profits amounted to \$940,900.

(Here follow Block, Maloney & Co.'s letter to Mr. Whipple, which should be marked as an exhibit, and then the letter from Clement, Curtis & Co. to Mr. Whipple, inclosing the original of the telegram sent by Clement to J. S. Bache & Co. and Harriman, Pinchot & Co.)

EXHIBIT.

203 SOUTH LA SALLE STREET, CHICAGO,
New York, February 5, 1917.

SHERMAN L. WHIPPLE, Esq.,
New Willard Hotel, Washington, D. C.

DEAR SIR: Replying to your telegram of February 4.

On December 20, at 11.04 a. m., Chicago time, Mr. Finley Barrell received the following message:

WASHINGTON, D. C.

FINLEY BARRELL,
203 South La Salle Street, Chicago:

Am informed that State Department contemplates making public late this afternoon important statement bearing on economic situation of European war as affecting neutrals, object being to indirectly promote peace prospects through bringing neutrals together.

SPENCER.

On that date at 11.35 a message from our Chicago office was sent to all of our offices. Our Washington advices are—

"Am informed that State Department contemplates making public late this afternoon important statement bearing on economic situation of European war as affecting neutrals, object being to indirectly promote peace prospects through bringing neutrals together."

On December 20 we copied from the ticker of the New York News Co., the following:

"New York—The renewed selling of the market is due to reports received by brokers' private wires from Washington to effect that the administration would address the belligerents suggesting proposal of peace. Nothing definite is obtainable in administration circles.

"NEW YORK NEWS."

The Spencer message was the only message we had from or to Washington, having any relation to any statement of the State Department, or the President, about to be made public.

Beg to advise you that we have no correspondents in Washington, but Mr. Finley Barrell personally has received messages from Mr. W. W. Price, who signed his messages "Spencer."

We take this opportunity of placing ourselves at your call, and we will gladly furnish you with any further information or memoranda which we may have.

Yours, truly,

FINLEY BARRELL & Co.,
By PETER J. MALONEY.

[Clement, Curtis & Co., Rookery Building, Chicago.]

Stamped: Bache, Dec. 20.

Confidential.

J. S. BACHE & Co:

I hear from Washington that State Dept. will issue statement this afternoon regarding economic conditions European war as affecting neutrals and intended to promote peace prospects. What effect if any?

CL.

CLEMENT, CURTIS & Co.,
THE ROOKERY, CHICAGO,
February 16, 1917.

MR. SHERMAN L. WHIPPLE,
New Willard Hotel, Washington, D. C.

DEAR SIR: In compliance with your request through Messrs. Raymond Pyncheon & Co., I herewith inclose the original telegram sent to Raymond Pyncheon & Co. and Bache & Co.

You will note that the telegram is addressed to Bache. Our chief operator tells me that I gave him verbal instructions to send it to Raymond Pyncheon & Co. at the same time.

For your information, I would say that any messages which I may have sent on our wires to anybody were based upon the same general information which you have already been advised of and I had no other source or any other information other than what I have given you.

Very truly, yours,

ALLAN M. CLEMENT.

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS

HEARINGS

BEFORE

THE COMMITTEE ON RULES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

SECOND SESSION

ON

H. RES. 420

**ASKING FOR INVESTIGATION OF CONFLICTING INTER-
PRETATIONS PLACED UPON PRESIDENT'S NOTE TO
BELLIGERENT POWERS BY THE STATE DEPARTMENT,
AND FLUCTUATIONS OF MARKET CAUSED THEREBY,**

AND

H. RES. 429

**APPOINTING A COMMITTEE TO INVESTIGATE THE
CHARGES MADE BY THOMAS W. LAWSON**

AND

H. RES. 442, 443, 446, 447, 448

FEBRUARY 24, 1917

PART 25

ALLEGED DIVULGENCE OF PRESIDENT'S NOTE TO BELLIGERENT POWERS.

COMMITTEE ON RULES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 24, 1917.

TESTIMONY OF HON. PAUL WARBURG, VICE GOVERNOR, FEDERAL RESERVE BOARD.

Mr. WHIPPLE. Mr. Warburg, what official position do you hold under the Government?

Mr. WARBURG. I am vice governor of the Federal Reserve Board.

Mr. WHIPPLE. How long have you held that office?

Mr. WARBURG. For two and a half years.

Mr. WHIPPLE. During the course of the hearings of this committee a witness appearing, Thomas W. Lawson, was asked to state the name of a great public man who knew the "leak machinery." Certain evidence given by him indicated that he referred generally in using the term "leak machinery" to the alleged existence of a joint account for speculation in which Secretary McAdoo, a Senator who is identified by the initial "O," and a banker in New York City by the name of Pliny Fisk were jointly interested. In Mr. Lawson's answer he identified the great public man who knew of the "leak machinery" as Mr. Paul Warburg, the head, or one of the heads, of the Federal Reserve Bank. Having thus identified you, the committee desires to ask whether in point of fact you knew at any time in December, or any other time, of a joint account between Mr. McAdoo and a Senator the initial of whose name is "O," with Mr. Pliny Fisk, or with C. D. Barney & Co. of New York?

Mr. WARBURG. I can state in the most sweeping terms that I never knew of any such account until I saw it in the papers by Mr. Lawson.

Mr. WHIPPLE. Did you know of any account for speculative or other purposes in December last Mr. McAdoo was interested in at all?

Mr. WARBURG. Of none at all.

Mr. WHIPPLE. Did you know of any arrangement or device or plan in December last by which it was intended, or by which, in fact, there was advance information given out with reference to the President's note which was published to the world on December 21?

Mr. WARBURG. I did not. I did not know of that message until I saw it in the newspapers.

Mr. WHIPPLE. You knew of no arrangement with anybody to get advance information for stock-market purposes?

Mr. WARBURG. Of none whatever.

Mr. CAMPBELL. Did you know of any joint account with any other official during that time?

Mr. WARBURG. No, sir; no one.

Mr. BENNET. Mr. Warburg, since you were appointed to the Federal Reserve Board what has been your custom as to buying and selling stocks for speculative purposes?

Mr. WARBURG. I have not bought any. Whatever I had on hand I have sold. During all those months of November and December I did not buy or sell a thing. My account has been stagnant all through those months, although I had a sum of money to invest.

Mr. LENROOT. Do you know of any other public official who had a speculative account during that time?

Mr. WARBURG. No; I do not.

Mr. WHIPPLE. That is all, Mr. Warburg.

INVESTIGATION RELATING TO ALLEGED ADVANCE KNOWLEDGE OF
THE PRESIDENT'S NOTE OF DECEMBER 20, 1916.

FEBRUARY 28, 1917.—Ordered to be printed.

Mr. HENRY, from the Committee on Rules, submitted the following

REPORT.

[To accompany H. Res. 448.]

On the 15th day of January, 1917, House resolution 446 was referred to the Committee on Rules. The resolution is as follows:

Resolved, That a committee of five members be appointed by the Speaker of the House to investigate and make report as to whether any person connected with the executive or legislative branches of the Government of the United States has, since March fourth, nineteen hundred and fifteen, profited financially, either directly or indirectly, by the fluctuations in the stock market by reason of any advance information as to any action by the executive or legislative branches of the Government; and for such purposes it shall have power to send for persons and papers and enforce their appearance before said committee, and to administer oaths, and shall have the right to make report at any time.

The committee has fully investigated the subject matter, and reports as follows:

At the opening of the hearings held by the committee, Representative William R. Wood appeared and made certain statements of information which had come to his knowledge relating to advance knowledge of the President's note to the belligerent powers, which was published in the morning papers of December 21, 1916. Thereafter additional charges were presented by Thomas W. Lawson, of Boston. The committee will first take up the Lawson charges.

THE LAWSON CHARGES.

The statements of Mr. Lawson were not precise or definite. They took the form of suggestion and innuendo rather than of direct accusation. Apparently, however, the witness intended in substance to make these charges:

1. That a member of the Cabinet, a United States Senator, and a banker were together interested in a speculative stock market account, the profits of which they divided equally, the success of their speculation being promoted by advance information that a note either had been, or was to be, sent to belligerent nations, of a character likely to promote the prospects of peace in Europe. That the intermediaries in conducting the speculation were a brother of the member of the Cabinet and his partner.

2. That the beneficiaries of advance information as to the President's note "included high and low lawmakers and law administrators and others engaged in the direction of our own and other Governments."

3. That Senators and Representatives generally were speculating in the stock market.

When compelled to disclose the facts upon which he based his first charge, the names of his informants and the names of the officials and other persons therein accused, the witness stated (Rec., p. 284): "Information came to me by a man coming to some of my people, and I have even forgotten which of my people. * * * He came and stated these things flat-footedly that he had the papers and evidence and everything, which he would produce and show the accounts, * * * and I refused to meet the man in the hustle and bustle of things, and made a short cut"; but the witness added that subsequently this information was confirmed by one Archibald S. White, of New York City, a reliable man. That White had said to him that the banker referred to in the charge (one Pliny Fisk) had stated to him (White) that he not only had such a joint account but other accounts as well (presumably of a similar character), and furthermore had such absolute control of the Cabinet member that he could bring him from Washington to New York, or to the telephone, at any hour of the day or night, and that Fisk in his conversation with White offered at that moment (at 1.30 in the morning) to call up the Cabinet officer to answer questions; that the Senator's identity was unknown to him except by the initial "O," but the Cabinet member was Mr. McAdoo. That the banking firm carrying this joint account was either that of Harvey Fisk & Co. or C. D. Barney & Co. That the member of the Cabinet official's family referred to was Malcolm McAdoo, a brother of the Secretary of the Treasury, and the brother's partner referred to as an intermediary, Stuart G. Gibboney, of New York City.

When forced to give names under the second charge, the witness stated that one Ruth Thomason Visconti had informed him that a newspaper man named Price and the President's Private Secretary had acted as intermediaries in giving advance information of the President's note, Price having received \$5,000 and the President's Private Secretary a much larger sum for the service.

As to the third charge, the witness admitted that neither on his own knowledge, nor upon information, could he give the name of a single Senator or Representative who speculated.

THE EVIDENCE ON THE LAWSON CHARGES.

The committee has examined under oath and by aid of counsel every person named or suggested by Mr. Lawson. Not one of them supported or corroborated these charges. On the contrary, every one of them contradicted him. Furthermore, as a result of a careful examination of the customers' accounts of New York brokers, no such account as was described by the witness was disclosed or even indicated.

Not one of these charges of the witness, Lawson, therefore, was sustained by the evidence. His every statement in support of them proved to be founded either upon pure imagination or idle, irresponsible, or malicious gossip.

Mr. Archibald S. White, referred to by the witness as his authority, denied ever having made the statement attributed to him by Mr. Lawson, or any statement whatever on the subject.

Mr. Pliny Fisk denied that he had ever had the conversation with Mr. White attributed to him, or anything like it. He denied that he was or ever had been, during Secretary McAdoo's incumbency of office, interested with him in any joint account, speculative or other-

wise, and the firm's books, introduced for the inspection of the committee, fully confirmed and verified his statement.

Mr. Malcolm McAdoo denied that he had ever acted as go-between or in any other capacity in connection with such an account, or that he had any knowledge thereof, or that he had had any business relations with the Secretary of any character or description whatever during the period covered by this investigation.

Mr. Stuart G. Gibboney also denied any participation in or knowledge of any such joint account. He stated that not only was he not a partner of Mr. Malcolm McAdoo, but that he was not even personally acquainted with him, and that as to the Secretary of the Treasury he had had no business relations with him of any sort or description during his incumbency in office.

J. Horace Harding, a member of the firm of C. D. Barney & Co., denied that that firm had any account in which the Secretary of the Treasury was interested, and the books of the firm corroborated and confirmed his statement. He stated further that he had not met or communicated with the Secretary of the Treasury, directly or indirectly, for a year, except that last summer he was present at dinner at the house of a mutual friend at which the Secretary and Mrs. McAdoo were present.

After diligent search and inquiry, no evidence was offered, adduced, or found even indicating that Secretary McAdoo had been guilty of any improper conduct or that he is subject to criticism in any way.

Mrs. Ruth Thomason Visconti, whose name was given by the witness Lawson as authority for his statement in relation to Secretary Tumulty and William W. Price, testified that while she gave the information to Mr. Lawson substantially as narrated by him, she told him that she had no personal knowledge of the facts, that her information came from no one in official life, and that she gave the information not as evidence of the facts, but merely as suggesting a line of inquiry to be pursued in the investigation. It subsequently developed that the source of her information was a statement made by a young daughter of the newspaper man, Price, who had examined her father's bank account in his absence and had based thereon an inference which the facts did not justify. As to Secretary Tumulty, there was no evidence whatever to sustain any such charge.

THE WOOD CHARGES.

The information presented by Representative Wood, if substantiated, would tend to establish the following propositions:

First. That information regarding the President's note was in brokers' offices in Chicago, Oshkosh, Wis., and Lafayette, Ind., about 1 or 2 o'clock on December 20, the day prior to the publication of the President's note in the newspapers.

Second. That Otto H. Kahn, of the banking firm of Kuhn, Loeb & Co., of New York City, received advance information of the President's note, told his friends regarding it, and advised them to sell stocks short.

Third. That Bernard M. Baruch, a member of the New York Stock Exchange, and speculator, with offices in New York, had information regarding the President's note as early as Saturday, December 9, and on two or three different occasions had been seen in consultation with Joseph P. Tumulty, the President's private secretary, at the Biltmore Hotel in New York City—the obvious inference of the

charge being that such advance information had been received by Mr. Baruch from Mr. Tumulty on some one or all of those occasions.

Fourth. That F. A. Connolly & Co., a brokerage house in Washington, owning a seat on the New York Stock Exchange, of which Mr. R. Wilmer Bolling, a brother of the President's wife, was a member, had dealings on the stock exchange, through the New York brokerage house of E. F. Hutton & Co.—the inference being that those dealings were profitable and were guided by advance information regarding the President's note.

THE EVIDENCE ON THE WOOD CHARGES.

As to evidence in support of these charges, Representative Wood appeared before the committee and stated that he had no first-hand knowledge of the facts and desired to place such information as he did have before the committee in executive session, but the committee required him to give it in open session of the committee.

As to these propositions, the first was clearly established on the evidence. Advance information regarding the President's note undoubtedly existed in Chicago as early as 12 o'clock (Washington time) December 20, and was sent out from Chicago to Oshkosh, Wis., Lafayette, Ind., and to other western cities shortly after its receipt in Chicago. With this matter the report will deal later.

The second proposition was not established. No evidence was offered to support it. Mr. Kahn made a sweeping denial before the committee and offered the books of his firm for inspection. No evidence could be found as a result of careful examination which indicated either that Mr. Kahn or his firm were speculating in the market at any time during the week of December 18.

As to the third proposition, Mr. Wood laid before the committee a letter signed "A. Curtis," which contained the statement above referred to regarding Mr. Baruch and Mr. Tumulty.

The committee, however, were unable to find the author of the letter. The signature was evidently fictitious and the statements which it contained were unfounded. Both Mr. Baruch and Mr. Tumulty denied that they had ever met at the Biltmore Hotel or that they had been in conference regarding the President's note on any occasion before its publication. A careful inquiry by the committee failed to produce the slightest evidence to substantiate the charge.

While it appeared in evidence that Mr. Baruch was speculating during the week of December 18, he denied that he either had or was influenced by information in relation to the President's note, and no evidence was adduced or could be found indicating that he had any such information.

As to the fourth proposition, the following are the facts:

Mr. R. Wilmer Bolling became a member of the firm of F. A. Connolly & Co. about the 13th of October, 1916, at which time he contributed the sum of \$30,000, which was used, with an equal amount contributed by another partner, William H. Robertson, toward the purchase of a seat on the New York Stock Exchange. The Connolly firm were connected with E. F. Hutton & Co., New York brokers, by private wires, over which the orders of the customers of the Connolly firm were transmitted.

From a careful examination of the books of the Connolly firm it appears that neither the firm nor any of its members profited by fluctuations in the prices of stocks during the week of December 18, and it does not appear that any customer profited in any substantial amount.

The committee has found no evidence indicating that Mr. Bolling personally was interested in any stock transaction whatever during that week or that he had any knowledge or advance information of any description in relation to the President's note.

ANONYMOUS CHARGES AND OTHER INFORMATION.

During the hearings a suggestion was received by the committee to the effect that Mr. Secretary McAdoo was, or might be, under financial obligations to Mr. Pliny Fisk or to Harvey Fisk & Sons. Although the subject matter was but remotely, if at all, connected with the committee's inquiry, Mr. Fisk, when called as a witness, testified without objection (and in accordance with a desire expressed by the Secretary so to do) regarding his financial relations with Secretary McAdoo. It thus appeared in evidence that there had been no financial dealings between the Secretary and Mr. Fisk for at least three years; that about the 1st of February four years ago, when Mr. McAdoo was notified of the President's purpose to appoint him Secretary of the Treasury, he had outstanding loans to a considerable amount, all secured by collateral and held by banks in New York City; that he deemed desirable that these loans should be taken up before he assumed office, and to that end requested Mr. Fisk, who had been associated with him in financing the Hudson or McAdoo tunnels, so called, to undertake the sale of Mr. McAdoo's collateral and the payment of his loans as speedily as could be done without serious sacrifice; that Mr. Fisk undertook the matter, advanced the funds for taking up the loans, received Mr. McAdoo's collateral, sold the same as speedily as possible, and after paying himself out of the proceeds from the sale of the collateral turned over the surplus to Secretary McAdoo. This was all accomplished and the surplus collateral turned over to Secretary McAdoo by January 15, 1914.

Suggestions from several different sources were pressed upon the committee to the effect that members of the German Embassy had had advance information of the President's note and had profited thereby in stock-market speculation. It is sufficient to say that no evidence whatever was offered to sustain this charge and that a careful examination of the stock brokers' accounts in New York and Washington failed to reveal evidence of any such speculation.

An anonymous informant asserted that James B. Regan, of New York, was an intimate friend of Secretary Tumulty, and had received from him advance information and had thereby profited in speculation. The evidence disclosed, however, that Mr. Regan had made no profit in the stock market during the month of December. Furthermore, there is no evidence even indicating that Secretary Tumulty had any knowledge that the President had written or contemplated sending the note in question to the warring powers until some hours after Secretary Lansing's announcement at 11 o'clock; and no evidence was adduced or found indicating that Mr. Tumulty had speculated in the stock market or had been interested in such speculation.

The committee also during the hearings received from several sources (many of them anonymous) suggestions which apparently, in the minds of the informants, would be likely, if followed out, to disclose beneficiaries of advance information other than those included in the Wood and Lawson charges. Careful investigation has been made of every reasonable suggestion received, but nothing has been developed having substantial foundation.

THE CHARGES AS TO SPECULATIONS BY SENATORS AND REPRESENTATIVES.

The committee has examined, with careful scrutiny, the lists of customers furnished by all the stock exchange houses of New York and Washington and every customer's account which, by reason of its character or size, would be likely to show profits accruing to Senators or Representatives or other public officials from advance information or knowledge regarding the President's note.

And the committee report that they find no evidence tending to show that any person connected with the executive or legislative branches of the Government has, since March 4, 1915, profited financially, either directly or indirectly, by the fluctuations in the stock market by reason of any advance information as to any action of the executive or legislative branches of the Government.

THE ADVANCE INFORMATION THAT WAS GIVEN OUT.

It is a fact, however, as hereinbefore stated, that advance information regarding the President's note was given to certain stock brokers during the forenoon of December 20, 1916. To this extent the charges of Representative Wood are sustained.

The facts regarding it are these: The Secretary of State is accustomed to meet newspaper reporters at 11 o'clock on certain days to give them official information of news proper to be given out from the department. On the morning of December 20 at the usual hour, Secretary Lansing stated to the newspaper reporters assembled at the State Department that he would have an important communication to give to them at 5 o'clock that afternoon, to be released for the next morning's papers; that this communication had already been sent to all belligerent nations, and that he informed them of the fact in order to prevent publication of it in garbled form if the communication, or any part of it, should come back from Europe. The Secretary stated that the communication did not contain proposals for peace or an offer of mediation. He further stated that what he had said was to be held in strict confidence, although the correspondents might, in similar confidence, inform their editors of the fact that such a communication was to be given out.

It did not appear in the evidence that any of the correspondents present at this interview with the Secretary of State gave this information to any one except their editors and to other correspondents not present, but who appeared entitled to the information for their own papers and who received it in the same confidence imposed by the Secretary of State. The fact is established, however, that two corre-

spondents who were not present at the interview, but learned something of it from some of those who were present, immediately gave out information as hereinafter recited to firms of stock brokers to whom they had been in the habit of communicating Washington matters likely to affect the stock market. Within an hour of the confidential statement by Secretary Lansing (to be exact, at 11.52 o'clock a. m., December 20), William W. Price, for some 20 years a reporter for the Washington Star stationed at the press room in the executive offices of the White House, sent the following telegrams (signed in assumed names) to firms of stock brokers in Chicago:

To FREDERICK C. ALDRICH (CLEMENT, CURTIS & Co.):

Have information that important State Department statement regarding economic conditions of European war as affecting neutrals and intended to promote peace prospects likely to be published late this afternoon.

CHILDS.

To FINLEY, BARREL & Co.:

Am informed that State Department contemplates making public late this afternoon important statement bearing on economic situation of the European war as affecting neutrals, object being to indirectly promote peace prospects through bringing neutrals closer together.

SPENCER.

No later at least than 1.35 o'clock p. m. of December 20, J. Fred Essary, the Washington correspondent of the Baltimore Sun, sent to E. F. Hutton & Co., stock brokers in New York City, a message stated by Mr. Essary to be substantially as follows:

I am informed that a highly important message to all belligerents and neutrals has been issued from Washington, interpreted not as pressure on belligerents in behalf of peace but as an opportunity to put American demands on record, to be considered, if there is peace, and warning that neutral rights must not be further encroached upon. Full text to be given out to-night, and will be looked on as a move of great moment.

Just how, or exactly when, this message was sent the committee is unable definitely to determine. The message was not produced at the Hutton offices (the claim being made that it had been destroyed), and Essary testified that he kept no copy. Essary stated that he sent the message about 1 o'clock over the private wire between the Connolly offices in Washington and the Hutton offices in New York City. In the statement that it was sent over the private wire he was corroborated by the telegrapher in the Connolly offices. It appeared, however, from the evidence of the members of the Hutton firm that the Essary message had been received by them prior to 12.57 o'clock p. m., at which time they sent out to all their correspondents a message based upon the Essary message in the following terms:

Reports have it that the State Department will issue statement to-day intended to promote peace prospects.

Furthermore the telegraphers in the Hutton offices, who would have received this message in usual course, if sent, and who stated that they would have remembered it on account of its peculiar and important character, testified that they received no such message on December 20.

The telegrapher of the Connolly firm testified that he sent it out over the Connolly wire at 1.35 p. m. December 20.

An inference that Mr. Essary believed he was giving accurate information would be strongly supported by the further fact that he knew (according to his own admission) that the message was to be used by the brokers as a basis of action in the stock market and that if it were wrong it might cause heavy losses to the Hutton firm instead of the gains which would accrue if the forecast were accurate.

On the other hand, the committee examined practically every person who handled the entire note or copies thereof from the time it was given to Mr. Secretary Lansing direct from the White House by the hand of the chief usher (not being sent through the executive offices) up to 5 o'clock of December 20, when printed copies were delivered to reporters, without discovering evidence which would justify a suspicion that any one of these persons had in any way or degree violated the confidence in which they received the note. Furthermore, Mr. Essary firmly denied that he had seen a copy of the note or had any other information of any sort or description regarding it except such as was narrated to him by one of the reporters present at the interview with the Secretary of State and other reporters whose names he could not recall. He stated to the committee that, hearing that the President had sent out a message to belligerent nations, he was certain what its general nature must be because of his knowledge of general conditions of the situation and what they would influence the President to say; that the telegram was purely his own forecast, without the slightest knowledge of what the note actually contained; Mr. Essary further testified that in his opinion his message, when compared with the President's note as actually sent, corroborated his statement that he had not seen the note and that he had no real knowledge of its contents. He pointed out that while his message interpreted the note as not bringing "pressure on belligerents in behalf of peace," yet in point of fact the note obviously was intended to exert such pressure; that while his message interpreted the note as "an opportunity to put American demands on record to be considered, if there is peace," the President's note contained no such thing; and that while he forecasted the President's note as a "warning that neutral rights must not be further encroached upon," the note itself contained no such warning.

Mr. Essary further testified that in his opinion the underlying purpose of the President's note was plainly to induce the belligerent nations to state their own demands, while his own forecast contained no such thought.

Mr. Essary testified that he filed it (the message) with the telegrapher at the Connolly office about 1 o'clock on December 20.

Mr. Connolly testified that he wrote and sent this telegram, based upon rumors in his office. His testimony, however, was of such a character, and in so many important particulars demonstrated to have been false, that the committee gives no credence to it.

It appeared clearly, however, from all the evidence that Mr. Bolling personally had not the slightest knowledge regarding the Essary telegram or the fact that Mr. Essary had been furnishing information to the Connolly office to be transmitted over the private wire to Hutton & Co. The first knowledge he had that such a telegram

had been sent over the Connolly wire was when he read in the newspapers of Connolly's testimony in New York and Connolly's statement that he had sent the message. Nor did Mr. Bolling have any knowledge in advance of what Connolly proposed to testify to in New York, or that any note whatever was to be issued by the President or State Department or that any reporter had sent out any information regarding the note to brokerage houses in Chicago or New York.

The committee does not believe that it would be possible to bring out additional facts bearing on this issue.

These two telegrams, Price to Clement, Curtis & Co. and Price to Finley, Barrel & Co., in Chicago, and Essary's message to E. F. Hutton & Co., in New York, constitute all the advance information of the President's note to belligerent powers sent out from Washington to brokers' offices or for stock-market purposes, either on December 20 or prior thereto.

The information given in the Price telegrams was under an arrangement of the Chicago brokerage houses with Mr. Price whereby he was expected to give to the brokers information of events occurring in Washington likely to affect the stock market, for which he received a compensation of \$25 per month from each firm.

The information furnished by Mr. Essary was without financial gain or recompense to him.

The information contained in these telegrams was sent out by the brokers receiving the same to their correspondents and in some degree given to their customers. Finley, Barrel & Co., in Chicago, sent the message received by them to their New York office, where it was seen by a prominent stock-market operator, J. L. Livermore, about 1 o'clock. Clement, Curtis & Co. sent out their information to E. F. Hutton & Co., Raymond, Rynehan & Co., and J. S. Bache & Co., in New York, as well as to correspondents in the West. The telegrams to Oshkosh, Wis., and to Lafayette, Ind., referred to in Representative Wood's testimony, were based upon the Price telegrams to Chicago.

At about 1 o'clock the Hutton firm sent out to their correspondents throughout the country a "flash" telegram, so called, giving the substance of their information, and some time later sent out confidentially a copy of the Essary message. At 2.05 p. m. the ticker service maintained by the Wall Street Journal sent out the following message:

The renewed selling of the market is due to reports received by brokers' private wires from Washington to the effect that the administration will in the near future address to the belligerents some suggestions or proposals in regard to peace. Nothing definite is obtainable in administration circles.

This statement was founded upon information that came from Chicago as a result of the Price telegrams, supplemented by a vain attempt to substantiate the truth of the Price telegrams in Washington.

THE IMPORTANCE AND VALUE TO BROKERS OF ADVANCE INFORMATION.

In order properly to estimate the importance and value of this advance information to the Hutton firm and other brokerage firms who received it, it will be necessary to consider the speculative situation, especially in Wall Street, as it existed just prior to the publication of the President's note.

For some months there had existed a steadily increasing speculation, unusual in degree and extent. From every part of the country orders for the purchase of stocks had been constantly streaming into Wall Street. This speculation was chiefly in the hands of brokerage firms known as "leased-wire" houses. These concerns had branch houses or correspondents in practically every city in the country, and were connected with them by private wires. Stocks had been purchased "on margin" running into the hundreds of millions of dollars. The purchasers had paid on account of their purchases from 15 to 50 per cent of the market value of the shares, and the balance of the funds employed in the purchases had been provided by these brokerage houses largely by means of loans at the banks in New York and vicinity, the purchased shares being pledged as security. Brokers' loans throughout the city and vicinity were enormous. They exceeded in extent by millions any amounts recorded in the experience of brokers in recent years. "The public were too much in the market," as several brokers testified. The market was "overbought" and "top-heavy." Early in December some of the banks had commenced discriminating as to the collateral they would accept in their loans, and the rates for call money had become high. The loans of the leased-wire houses especially were extended far in excess of anything in their previous experience. All the brokers were apprehensive of the situation. They feared the happening of some event which might cause a sudden fall in prices, and which might result in a panic which not only would be likely to wipe out their customers' margins but might even threaten the solvency of the brokerage houses themselves. The feeling was universally prevalent that the ending of the European war and the establishment of peace would cause a serious break in the stock market and possibly precipitate a calamity.

The situation of the firm of E. F. Hutton & Co., as disclosed in the evidence, illustrated a condition which existed in many if not most of the other "leased-wire houses." This firm was carrying 325,000 shares of "long" stock, so called, for their customers; that is, stock which they had purchased for their customers and were carrying on margin. These shares, which were of a value of some forty-five or fifty million dollars, were all hypothecated at various banks to secure loans of the Hutton firm aggregating some twenty-eight millions of dollars. Never before had the loans of this concern run over ten or twelve millions. They were therefore "extended" to the very limit. They were practically unable to purchase and carry more stocks on margin for their customers. There was a clear danger that unexpected news of peace or any other event likely to cause a sudden fall of values in the stock market might wipe out their customers' margins, and if the panic resulting was sufficiently severe might make it impossible for the firm to meet their obligations.

Advance knowledge, therefore, of any important move for peace or any other event which threatened stock-market values was most vital to this concern. It is important to understand in just what way such advance knowledge might be used. There were two ways in which they could use it. First, by informing their customers in advance of the event, which would enable the firm to get their customers to sell their stocks, whereby the brokers would be enabled to reduce their loans before public knowledge of the event might cause

a break and bring on a panic. In the second place, such knowledge would enable the firm by selling "short" in advance of the break to cover their "short" sales by repurchase of the stocks at lower prices after the break had occurred. Such a use of advance knowledge would enable the firm to reap for themselves a profit amounting to hundreds of thousands and perhaps millions of dollars, according to how serious the break in prices might be. Under the terms of the contract with their customers and the usages of the stock exchange they would be enabled to make this enormous profit by the use of the shares of stock belonging to their customers and which they were holding as security for the payment of the balance of the purchase price. And the fact in the situation still more striking and important is that the brokers themselves had it within their power to make these enormous profits by the use of their customers' stock, while the customers themselves were losing by the break in the market exactly the amount in the aggregate that the brokers were profiting.

THE USAGE OF THE EXCHANGE AND CUSTOMER'S CONTRACT.

Under the terms of the contract which a customer who buys upon margin is expected to sign, and by the usages of the stock exchange, the broker has a right himself to use the customer's stock to deliver to make good his own "short sales" or to loan his customer's stock to other brokers to enable such other brokers or their customers to make delivery in accordance with their "short sales." To illustrate by concrete example: The firm of E. F. Hutton & Co. on December 20 had a right, under this contract with their customers and the usage of the stock exchange, the moment they received advance knowledge of the President's note, to sell "short" the entire 325,000 shares of stock which they were carrying for their customers and to deliver these identical shares in fulfilment of their own "short" sales. They could then on the following day, when the market had fallen off as a result of the publication of the President's note to the world, repurchase the stocks which they had sold "short" the previous day, and thereby reap the profit represented by the difference in the prices at which they had sold on the 20th and repurchased on the 21st. If the difference in price was only a single point, the profit realized would have been \$325,000. If the difference happened to be as much as 10 points, the profit realized would have been \$3,250,000. It is to be observed that the measure of the profit of the broker in such case would be the measure of the loss of the customers.

On December 20 there were other "leased-wire" houses carrying even larger amounts of stocks which they had purchased for their customers, the amounts ranging between 200,000 and 800,000 shares.

These figures illustrate and indeed demonstrate the enormous value to brokers of advance information of an event likely to break the market, even if this advance information be only a matter of hours.

The evidence left it uncertain whether the firm of E. F. Hutton & Co. had profited as a result of their advance information by selling "short" their customers' stock. Mr. Hutton and Mr. Ellis, the only partners who testified, denied that any profit had been so made or that they or any members of their firm had used their customers' stocks to cover their own "short" sales. The senior partner, Mr. Hutton,

however, admitted that as a result of the break he had made a personal profit of some \$25,000 or \$30,000. Furthermore, another partner, Barrett by name, after he had received advance knowledge of the President's note, on the morning of December 20, telegraphed Clement, Curtis & Co. in Chicago "I am selling stocks again." Barrett did not appear as a witness before the committee. During the first hearings in New York he was said to be too ill to testify. At the date of the second hearings he had so far recovered as to go South on a visit, where he was inaccessible. The committee informed the partners who were present that an inference was likely to be drawn from Barrett's telegram and his absence that he had been selling their customers' stock "short," and that he or his firm had profited largely thereby. With full knowledge of this inference and belief in the minds of the committee, no effort was made by Barrett to appear before the committee to offer any explanation of his conduct, and no adequate explanation was offered to account for his failing to appear. Furthermore, at the second hearings Mr. Hutton himself, who had been a witness and was still under subpoena, was reported to have gone to Florida, so that he could not be called upon either to explain the Barrett selling or the testimony which had in the meantime been given before the committee tending to show that his original statements were not in accordance with the facts.

The important question, however, within the scope of the resolution is not whether the Hutton firm used the stocks of their customers to cover their own "short" sales, or to what extent they profited by the advance information which they obtained in connection with selling "short" their customers' stocks (if they did so), but whether such opportunity exists which may be availed of by brokers who are thus disposed.

It is only fair to say that the making of a profit by brokers out of the use of their customers' stock in the manner above described is not approved by the better class of brokers. Some of the brokers appearing before the committee denounced such action as positively dishonest and a breach of trust. The fact remains, nevertheless, that the contract which brokers expect their customers to sign entitles them to do just such things, and there not only is no rule of the stock exchange against it but a customer contracts with a broker according to a custom and usage which permit it.

It was said before the committee that customers purchasing on margin impliedly approve the use of their stock by the brokers in connection with "short" sales when they sign a contract or purchase with knowledge of the usage or custom of the exchange, which permit it. The committee doubts, however, whether many customers realize that the contract which they sign gives the broker such a right or that he is bound by such a usage or custom of the exchange. The terms of the contract are not such as would sharply direct the customer's attention to this particular feature of the contract.

It is this right to use his customer's stock, which is given in the contract and permitted by the usage of the stock exchange, that makes "short sales" possible. Without this right "short sales" of any substantial amount could not be made, for the one who sells short—who sells something that he does not own—must deliver the shares that he has sold the day after the sale, and the usual way in which the "short" seller can make delivery is for his broker to borrow stock for

delivery either from the "long" stock belonging to a customer of his own, or by borrowing such long stock from another broker to be taken from the stock of such broker's customers. One broker, both intelligent and frank, who testified before the committee, stated that without marginal purchases "short sales" would not be made, and without short sales and marginal purchases speculation in the stock market would practically come to an end.

PRECAUTION TO PREVENT POSSIBILITIES OF ADVANCE INFORMATION.

It is plainly not within the scope of the duty of this committee, as fixed by the resolution which has been referred to them, to express an opinion or a recommendation as to purchases on margin or short sales or as to stock-market speculation. But the committee feels that they should say that so long as the usage and custom of the stock exchanges of the country are such as are herein above pointed out, and so long as the contracts which brokers insist upon with their customers permit brokers to use the stock belonging to their customers for the purposes of "short" sales, all public officials—administrative and legislative alike—must spare no effort to prevent advance information of events likely to affect stock-market prices from reaching brokerage houses, to enable such of their members (if any) as may be so disposed, unfairly and unjustly to reap large possible profits from confiding and unsuspecting customers scattered throughout the country. The public who, in such large numbers and to such enormous amounts as were disclosed in the evidence before the committee, entrust their funds to brokers for stock-market speculation, are entitled to be protected against those unfair and unjust advantages which, under the existing usage of the stock exchange, advance information places in the hands of brokers and their immediate friends and associates to make assured profits out of fluctuations in the market—and this is not said even to suggest that any department through which the President's recent note passed was in any way negligent.

It is obvious that in the crisis which is now upon us many State papers and many acts of Government, administrative and legislative, are likely to have marked effect upon prices of stock-market securities. It is obviously wrong that under such circumstances state papers, as important as the recent note of the President, should be entrusted to some 30 or 40 different people during the period of time when their contents ought to be kept secret. It would be no reflection upon the many men who handled the President's recent note, and faithfully kept the confidence imposed upon them, to provide that the number handling such papers in the future shall be much restricted.

EMPLOYMENT OF NEWSPAPER MEN BY BROKERAGE HOUSES.

The evidence taken by the committee showed that several newspaper correspondents had connections with stock-brokerage houses, receiving compensation from them for certain services performed. Most of the correspondents appearing before the committee denounced this practice, and it appeared in evidence that comparatively few were receiving pay for such service, but the committee deem this matter of such importance that it is now considering a revision of the rules

of the House relating to the admission of correspondents to the Press Gallery, and expects at a later time to make report to the House thereon.

Under the authority conferred upon it by the House to employ counsel, the committee secured the services of Mr. Sherman L. Whipple, of Boston; and with the aid of counsel and his assistants, and other experts employed by the committee under the authority of the House, examination has been made of the telephone and telegraph records in the city of Washington, of the books and accounts of brokers both in Washington and in New York City, and every suggestion made to the committee which appeared to have a basis from which it could be reasonably concluded that any facts and material useful to the committee for the purposes of the investigation could be obtained has been followed. The committee believes that its inquiry has developed all the facts that can be produced, and that any further investigation would lead to the same conclusions as have been herein set forth.

We therefore unanimously recommend that H. Res. 446 do lie on the table. The committee has made similar recommendation with reference to H. Res. 420 and H. Res. 429, and its action in that regard is based upon this report.



INDEX.

	Page.
Adams, E. B.....	676
Aldrich, F. C.....	1024
Bache, Julius S.....	1526
Barr, Lockwood.....	797
Barrett, telegram from.....	1025
Baruch, Bernard M.....	186, 553
Bean, J. H.....	1268
Becker, J. M.....	805
Boeckel, Richard M.....	1426
Bolling, R. W.....	227, 1107
Boteler, A. J.....	1208
Boyle, John.....	222
Brown, Herbert H.....	1435
Bryan, Ben.....	1220, 1536
Bucknam, Clifford.....	1547
Cadore, George.....	1580
Chapman, George B.....	1369
"Childs," telegram.....	906
Clark, Alfred E.....	1415
Clark, Bruce E.....	1211
Clearing House Sheets.....	417
Clement, Allen M.....	1581, 1598
Clement, Curtis & Co., telegram.....	605, 909, 1025
"Cleve," telegram.....	883
Conger, K. B.....	509
Conkling, George W.....	855
Connolly, F. A.....	677, 716
Content, Harry.....	1481
Cornell, telegram.....	1025
Crawford, W. A.....	232
Curtis, A., letter from.....	28
Curtis, Allen.....	185
Dick, F. M.....	828
Dinner list.....	1582
Duncan, J. L.....	1321
Early, S. T.....	1398
Edwards, John L.....	1390
Eland, Henry E.....	217
Elliott, Jackson S.....	1444
Ellis, George A.....	984, 991, 1465, 1582
Essary, J. Fred.....	972, 1077, 1146
Finley, Barrell & Co.....	1598
Fisk, Pliny.....	483
Ford, Cornelius.....	247
Fox, A. W.....	916
Friday, S. B., letter from.....	9
Frost, John T., letter from.....	1584
Gardner, Hon. A. P.....	5, 36, 270
Garvin, G. N.....	1404
Genus, Lloyd G.....	1454
Gibboney, Stuart G.....	1510
Godwin, Earl.....	1194
Groat, Carl D.....	1395
Guthridge, Walter H.....	1458
Harding, J. Horace.....	1514

	Page.
Harriman, Oliver.....	1585
Henry, Hon. R. L.....	269, 293
Hibbs, W. B.....	1214, 1387
Hine, Francis I.....	1561
Hooper, John H.....	1347, 1366
Howell, H. D.....	1256
Hudson, Chas. I.....	1497
Hummel, J. F.....	843
Hutton, E. F.....	579, 616, 633, 713
Huse, Edward A.....	1461
Huss, Andrew L.....	1437
James, John H.....	1270, 1316
Jameson, A. M.....	239
"J. L. L.," telegram.....	1591
Johnson, H. F.....	796
Kahn, Otto A. H.....	27, 184
Ketron, H. W.....	273
Lansing, Hon. Robert.....	67, 176, 667
Lawson, Thos. W.....	81, 93, 125, 269, 274, 307, 330
Lipper, Arthur.....	1540
Lockwood, Frederick R.....	1521
Logan, Thos. F.....	1338
Loughran, John M.....	1455
McAdoo, Malcolm R.....	1202
McAdoo, Wm. G.....	615
McEvoy, Wm. J.....	248, 1462
McMillan, Donald.....	882
Maltby, M. W.....	874
Messenger, N. O.....	1324
Moorehead, John U.....	1427
Noble, Henry G. S.....	368, 412, 455
Odlin, W. S.....	251
O'Donnoghue, John.....	1353
Olcott, W. K.....	342
Packard, W. F.....	817
Peacock, Wm.....	1457
Peterson, Nicholas.....	852
Polk, Frank L.....	1225
Pomeroy, H. K.....	458
Pratt, Wm. A.....	1453
President's note.....	667
Price, W. W.....	887, 1293
Pynchon, G. M., telegram.....	1549
Ramsey, W. P.....	1155
Regan, Jas. B.....	1507
Reilly, James.....	259, 748
Resolutions, congressional.....	3, 274
Reynolds, S. M.....	1101
Robertson, H. W.....	1171
"Rod and All," telegram.....	609
Roper, Edwin A.....	922, 1163
Rowe, Wm. H.....	1448
Sabin, Chas. H.....	178
Salmon, D. A.....	1262
Shea, C. A.....	865

AS

II

INDEX.

	Page.		Page.
Simonson, Wm. A.....	1570	Tumulty, Jos. P.....	58
Snowden, A. A.....	802	Vernon, Leroy T.....	1423
"Spencer," telegram.....	906	Vestal, Franklin E.....	1259
Sterling, L. V.....	798, 1535	Visconti, Mrs. Ruth T.....	281, 1283
Stock Exchange.....	177, 464	Wall Street Journal.....	41, 54
Streit, S. F.....	400, 416, 468	Warburg, Paul.....	1599
Sweet, E. C.....	1248	Warner, C. D.....	1401
Sweetser, Arthur.....	1409	Whipple, Sherman L.....	367
Thompson, Eugene T.....	1431	White, A. S.....	513, 539
Tompkins, M. F.....	842	Wood, Hon. Wm. R.....	6, 29
Toomey, W. G.....	755	Woolsey, Lester H.....	1240



